Utility Capital Authorization Process

Exelon Utilities Administrative Procedure

FI-EU-2001

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1. Purpose

The purpose of this procedure is to define both the Utility (herein referred to as “OpCo” or “Utility”) Capital Authorization Process (UCAP) and the Multi-Operating Company (MOP) Authorization Process. Both processes represent important management tools for systematically evaluating and authorizing projects. The processes ensure senior management control of project scope, cost, and contract strategy. The processes support development of budgets, project scheduling and other strategic Long-Range Planning (LRP) processes. The Utility Capital Authorization Process and the MOP Authorization Process apply to all Capital projects (and related Operating and Maintenance (O&M) expense) with defined direct cost greater than or equal to $100K for any individual utility.

The primary goals of both processes are to ensure that:

- The technical merits of each project are balanced with the economic benefits and goals of each Utility.
- Projects are properly researched, developed, planned, reviewed and authorized by senior management before significant resources are committed or expended.
- Decision points for approving further funds as project details evolve are established.

2. Precautions and limitations

2.1. Precautions

2.1.1 The Utility Capital Authorization Process (UCAP) and the Multi-OpCo (MOP) Authorization Process require appropriate reviews and authorizations be obtained before actions are taken which commit each Utility to expenditures on the project or program.

2.1.2 In authorization requests, estimated project costs considered for approval must be total cost, including all direct and indirect costs. If ongoing maintenance costs will be incurred as a result of project implementation, these must be separately identified from the total project costs.

2.1.3 The amount of money authorized for a project is based on the best estimate at the time of authorization, not necessarily the amount budgeted for the project. If the current best estimate is higher than the budget, an additional source of funding will have to be identified.

2.1.4 If a project is unbudgeted or under-budgeted, the sponsoring unit should specify the source of proposed funding, including “budgeted” projects that will be delayed or cancelled to provide budget offsets. Each project is required to secure the funding source for any unfunded portions prior to project approval process

2.1.5 Authorization requests require the completion of forms and accounting requirements to be considered for authorization. Authorization requests will be routed into appropriate reviews and approval paths based on the screening process outlined in section 4.2. Refer to Section 4.4 and Attachment 13 for the matrix of Authorizations by Project Type.

2.1.6 In accordance with LE-AC-11, Exelon’s Delegation of Authority Policy, projects involving two or more utility operating companies and which are subject to the Exelon Utilities policy regarding Multi-Operating Company Projects (the MOP Policy), must be authorized by each participating company based on the funding level allocated to that company. Refer to MOP Procedure Section 4.3.6 for more on MOP approval process.

2.1.7 Projects with a total project cost (Direct + Indirect) for any individual utility greater than $50 million (M) or projects specifically requiring Utility or Corporate Board approval must also comply with PE-AC-11, Exelon Capital Approval Process (ECAP).

2.1.8 Unfavorable variances to prior approved amounts greater than 10% of the original authorization must be reauthorized (cumulative value), as soon as practical, at the appropriate level to maintain approval status. Refer to Attachment 10 for reauthorization thresholds by Phase and Project Type. Refer to Attachment 4 and LE-AC-11 for required approvers.

2.1.9 Many authorization requests contain non-public transmission information. Review committee attendees must complete the FERC Standards of Conduct annual training. Additionally, materials should carry the current FERC Standards of Conduct warning on the first page and that warning should be read verbally in review meetings when sensitive transmission is initially presented

2.2. Limitations

2.2.1 The use of the word “Project” shall be understood and consistent with the definition contained within Section 7.4.1, related to authorization of Capital investments. It should not to be confused with the term used in Asset Suite or EPS.

2.2.2 Examples of projects not covered in this document include mergers, acquisitions, and purchase of new business ventures. See LE-AC-11 for information on such transactions.

2.2.3 If conflicts arise between this process and the current Delegation of Authority (DOA) limits as described in LE-AC-11, the DOA limits shall be followed.

2.2.4 For projects requiring Exelon Capital Approval Process (ECAP) approval, cumulative project spend or commitments to spend prior to ECAP approval consideration is limited to $25M total cost for any individual utility (see LE-AC-11 Exelon DOA for the process controls). A project authorization presentation must be prepared, and the amount must be justified for the ordering of long-lead time equipment. Approval is required at the appropriate DOA level for the requested amount (see PE-AC-11).

3. Prerequisites

3.1. A sufficient level of detail during the STUDY and DESIGN phases (Phase 1&2) of the project should be completed in order to develop a total project cost estimate, since an economic analysis of each project and its alternatives is an important aspect of the authorization process (see PE-AC-122- Investment Evaluation Standards and Guidelines).

3.2. Projects requiring approval higher than that which can be granted by a single utility company's CEO (> $25M) should be submitted for approval following completion of the Study phase (Phase 1) or the Design phase (Phase 2). In no case shall the Implementation phase (Phase 3) commence prior to obtaining approval by the appropriate authorizing entity per Attachment 4. See Attachment 3 for detail on the Three Phase authorization process flow.

3.3. Projects should be identified sufficiently in advance to allow for proper budgeting, estimating, and evaluation. For larger projects, generally need two (2) to three (3) years of advance planning.

3.4. Structured technical and business planning reviews evaluate proposed projects to balance their technical merit with their economic benefits and the goals of the company. A tornado chart sensitivity analysis is required for projects over $25M; this may also be required for projects < $25M at the discretion of utility leadership. Refer to PE-AC-122 for additional guidance.

4. Procedure

Overview of the Project Approval Process – Project reviews and approvals vary based upon the complexity and risk and are reviewed in three distinct phases.

4.1. Three-Phase Authorization

4.1.1 Three-Phase Project Authorization provides for project approval in three distinct phases so that an adequate business review is established prior to the commitment of resources. See Attachment 3 for additional guidance.

4.1.2 Authorization is required for each Phase and must be obtained before work starts on that Phase. Authorization for a subsequent Phase is generally obtained at or near the completion of the current Phase.

Note: Projects must have definitive estimates for the requested Phase and total project cost (not budgetary estimates) to be considered for authorization.

4.1.3 The project authorization request for each Phase is presented to the required levels of management for approval based on criteria in Attachment 4. Phases 2 and 3 limits are cumulative values, which includes prior authorized Phases plus the current Phase request.

4.1.4 The Three Phases for authorization are:

Phase 1: PLAN/STUDY – perform/complete a project feasibility study. Includes preliminary evaluation and/or engineering work to establish objectives, scope, success criteria, and clarify viability of the project.

Estimates should be within +/- 50% total project cost including all phases.

Phase 2: ANALYZE/DESIGN – perform/complete engineering, design and procurement of long lead time materials as well as site preparation and the start of civil construction.

Estimates should be within +/- 25% total project costs including all phases.

Phase 3: IMPLEMENTATION/CONSTRUCTION – installation and closeout

Estimates should be within +/- 10% total project costs including all phases.

Project Reauthorization – projects are required to be reauthorized at any Phase that have or are predicted to have an overrun greater than 10% and $100K of the authorized amount. See section 4.4 and 4.11 for further guidance on Reauthorizations.

Pre-Auhtorized Project – Subject to the approval by the PCC at each OpCo, the Pre-authorized process may be implemented for capital work with a > 50% probability of proceeding. The Pre-authorized process (e.g., pre-Phase 1 authorization) applies to Projects expected to exceed $100K of direct costs, where initial engineering and design work is needed for up to $20K of direct cost (e.g., seed money). The process permits Unique Capital EPS Projects to be opened for charging without requiring an approved PAR form at the time the EPS Project is opened. Please contact Utility Project Evaluation-Finance at each OpCo to confirm if the Pre-authorized process has been approved for use at each OpCo and to obtain the documented procedures required to support this process.

Note: Projects that do not require significant study or design may be appropriate to combine Phases for approval.

If at any time a project is canceled or abandoned, capital costs to date are reviewed for reclassification as O&M expense. Consult Plant Accounting for guidance.

4.2. Project Screening Overview

4.2.1 The purpose of Project Screening is to assess and route projects into the appropriate project type which determines the respective approval path based on complexity and risk.

4.2.2 The Screening Process serves as the single point of entry into the Capital Approval Process.

Note: Multi OpCo (MOP), Type 0, and Programs are not subject to screening process.

4.2.3 Project Managers (PM) or originator will complete pre-requisites (e.g., technical review), the Screening package (i.e., Screening Checklist, Project Fact Sheet, and a draft Project Authorization Request (PAR) Form for each project to assess risk. Refer to Attachments 11 and 12 for the screening criteria.

4.2.4 Investment Strategy will review pre-requisites and assign an initial project type. Finance, Investment Strategy, and Risk must all align on a project type through the Cross Functional Screening Group process. If all three groups do not concur on a project type, then the project defaults to a Type II project.

4.2.5 Upon completion of the project screening process, the PM will be notified of their project's assigned type. The project will then follow the respective review and approval process. See section 4.3 for more detail as to what determines the project type.

4.3. Project Type Overview – Projects are categorized based on complexity and risk as one of the following types:

Single OpCo Projects

4.3.1 Type 0 - A non-IT project with direct costs greater than $100K and under $1.5M total costs (direct + indirect); an IT project with direct costs greater than $100K and under $500K total costs (direct + indirect). Not subject to screening process.

4.3.2 Type I – Low risk work with which each utility has a history of successfully executing and exceeds $1.5M total costs (direct + indirect). Determination is made thru the Utility screening process.

4.3.3 Type II – More complex projects with costs exceeding $1.5M total costs (direct + indirect); IT or IT-enabled projects that exceed $500K total costs (direct + indirect). Determination is made thru the Utility screening process.

4.3.4 Type III – Projects with total costs greater than $1.5M total costs (direct + indirect) resulting from the OpCo Utility of the Future (UofF) processes**.** Determination is made thru the Utility screening process.

4.3.5 Programmatic – High volume, frequently performed work that is core to utility business. Determination is made thru the Utility Programmatic screening process.

Note: Project and program classifications should be appropriately classified in WPT using the ITN Plan Type.

Multi OpCo Project (MOP) – Projects involving two or more OpCos that are managed by a centralized project team

The purpose of the MOP process is to streamline the approval path.

4.3.6 Projects are considered MOP for non-IT projects involving two or more OpCos where at least two of the OpCos have total costs (direct + indirect) greater than $1.5M; IT projects involving two or more OpCos where at least two of the OpCos have total costs (direct + indirect) greater than $500K.

4.3.7 If only one OpCo exceeds the total cost thresholds, contact EU Finance and Utility Project Evaluations teams to determine the appropriate path. Such projects will be guided to the appropriate meeting (either Utility PCC or MOP PCC) based on agenda availability and attendees.

4.3.8 There is no project screening step for MOP projects, as they are automatically Type II projects due to their complexity and added risks.

4.4. Project Authorization Paths – Once projects are categorized into project types, they can move through the appropriate project authorization path

4.4.1 Project Authorizations by Type:

Non-IT Projects:

Project Type	Authorization/(reauth.) Scenario	Authorization/(reauth.) Requirements
Type 0 (Up to $1.5M; excl Programmatic Projects)	If total project costs (direct + indirect) do not exceed $1.5M	PAR Form approval is needed; PAC Form required if direct costs exceed $0.5M
	If total project costs does not exceed $1.5M, but overspend 10% and $100k	A new PAR Form approval is needed
	If total project costs exceed $1.5M, and exceed +10% and $100k	Project is sent to the Type I/Type II Screening Process. Follow Type I/Type II appropriate reauthorization activities. A new PAR form is needed
Type I (Low-risk work, history of success <$15M)	If total project costs (direct + indirect) greater than $1.5M but do not exceed $15M. Phase 1 authorization do not exceed $1.5M will follow Type 0 project approval	Project is sent to the Type I/Type II Screening Process, reviewed by the PCC and sent to DOA for electronic approval. A PAR form is needed; PAC Form required if direct costs exceed $0.5M
	If overspend of 10% and $100k	A new PAR Form is required, and the project must complete the appropriate reauthorization activities: • Between 10% and 25% - inform only to PCC with explanation of variance • Over 25% - reauthorization presentation to PCC with explanation of variance and lessons learned
Type II (More Complex > $15M) **Type III** (Utility of Future)	Does not qualify as Type 0, Programmatic, Type I. Phase 1 authorization does not exceed $1.5M will follow Type 0 project approval	Project completes Type I/Type II Screening Package, presentation to PCC. A PAR form is needed; PAC Form Required if direct costs exceed $0.5M
	If overspend of 10% and $100k	Resubmit as Type II with explanation of variance. Reauthorization presentation at PCC. A new PAR form is needed
Programmatic Projects	Associated with a Program approved as part of LRP 2.0 (PAR and PAC Form) (Phase 1). Complete Programmatic Project screening form)	Category Manager Electronic Approval. (Overall program is based on aggregate program spend, but if exceeds authorized amount, entire program is reauthorized)
(High volume, core to utility business)	If project does not meet Programmatic Criteria i.e. exceeds $5M programmatic project criteria threshold	The project is sent to the Type I/Type II Screening Process, approved by Category owner/manager, reviewed by the PCC. A new PAR & PAC form is needed (follow Type I/II)

Single OpCo IT Projects and MOP Projects:

Project Type	Authorization/(reauth.) Scenario	Authorization/(reauth.) Requirements
Type II **(IT and MOP projects considered Type II)**	Single OpCo IT or MOP – Total project costs (direct + indirect) do not exceed $0.5M	A PAR Form approval is needed
	Single OpCo (IT) – Total project costs (direct + indirect) $0.5M or greater for one OpCo	Single OpCo IT - Project is sent to the Type I/Type II Screening Process, presentation to their respective OpCo PCC. A PAR form is needed
	MOP (IT) – Total project costs (direct + indirect) greater than $0.5M for two or more OpCos MOP (Non IT)– Total project costs (direct + indirect) greater than $1.5M for two or more OpCos	MOP (IT/NON IT) - Presentation to MOP PCC. A PAR form is needed. PAC Form required for Non IT projects if direct costs exceed $0.5M
	If overspend of 10% and $100k	Single OpCo IT - Resubmit as Type II with explanation of variance. Reauthorization presentation at their respective OpCo PCC. A new PAR form is needed
		MOP - Reauthorization presentation at MOP PCC. A new PAR form is needed

NOTE: If only one OpCo exceeds $500K, contact EU Finance to determine the appropriate path. Such projects will be guided to the appropriate meeting (either Utility PCC or MOP PCC) based on agenda availability and attendees.

NOTE: Plant Accounting requires the completion of a Project Accounting Checklist (PAC) before proceeding with the PAR form for projects with direct costs greater than $500K and for Programs with direct costs greater than $500K approved through LRP process.This requirement is not applicable to BGE Utility or BSC IT projects. Refer to section 5.3.11 for further information on PAC requirements.

See Attachment 1d for Type I Project Authorization Process Flow

See Attachment 1e for Type II Project Authorization Process Flow

See Attachment 1b for the MOP authorization process.

4.5. PCC Meeting Presentation Approvals

4.5.1 The assigned PM or originator prepares the project authorization package which includes PAC Form (if applicable), PAR form(s) and PowerPoint Presentation (Attachment 5).

The authorization package should include all costs necessary to fully implement the project, including but not limited to expenditures for study, design, permits, materials, construction, installation, testing, training, plus all appropriate allocations.

4.5.2 The PM or originator submits the project authorization package to the respective Investment Strategy, Utility Project Evaluation-Finance, and Plant Accounting.

Investment Strategy and Utility Project Evaluation-Finance will review the PAR form and PowerPoint presentation for completeness and consistency.

Plant Accounting reviews for O&M vs. Capital and Functional (Transmission vs. Distribution) classifications and completed PAC forms. See section 5.3.11 for further information on PAC requirements

For MOP Projects BSC Accounting reviews to determine OpCo Allocations and the proper number of EPS Projects required to support the project.

4.5.3 Final PAR form must be routed for approval 4 days in advance of PCC, subject to utility discretion

4.6. Project Approval Path Scheduling

4.6.1 The Investment Strategy group works with the PM to coordinate scheduling of the project on the OpCo PCC calendar. EU Finance Manager works with PM to coordinate scheduling of the project on the MOP PCC Calendar.

For Projects requiring approval beyond OpCo or MOP PCC based on the Exelon Delegation of Authority (DOA), Utility Project Evaluation-Finance and EU Finance Manager will coordinate scheduling on appropriate calendars.

4.6.2 Authorization DOA requirements are based on cumulative authorization totals.

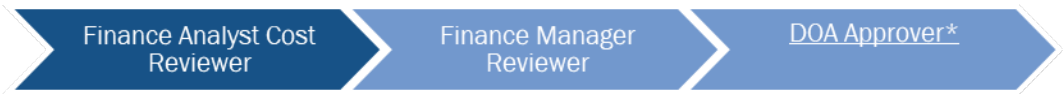
4.6.3 MOP projects DOA requirements are treated at the individual Opco authorization total. See FAQs attachment 14 for further details.

Note: If a MOP project requires the approval of more than one Utility CEO and the Exelon Utilities CEO, the project can be presented at the EU CEO staff meeting to receive appropriate CEO approvals

4.7. Project Authorization Request (PAR) Form Approval Paths

4.7.1 Project Managers should ensure PAR forms are initiated thru the PAR Workflow. Approved PAR forms are considered evidence of final project approval in addition to DOA requirements achieved through approval paths referenced above.

PAR form related questions can be directed to Utility Project Evaluation-Finance



*DOA Approver <$0.5M Category Manager; <$5M Exec. Category Owner/ VP; >$5M COO

4.8. Overview of a Program

4.8.1 A Program is defined as a pool of similar projects consisting of work that is proactive in nature, has predetermined specific types of work, and tasks or jobs with similar scope for a specific time period. This work is repetitive, high volume and low risk. New Business, Facility Relocation, and certain types of Real Estate project work may also be treated as programmatic.

Note: Program determination is based on Utility discretion.

4.8.2 Program approvals occur annually as part of the Long Range Plan (LRP) process. If new programs are identified throughout the year, they are required to come through for PCC for initial approval and then subsequently added to the annual LRP review. (Refer to 7.37 for additional context on the LRP process.)

4.8.3 For Program approvals the business will work with Investment Strategy which acts as Shepherd through the process. The business is required to create and manage annual Program Concurrence Package, program ITN, Program PAR Form, and Program PAC Form (if applicable).

Program PAC form should be completed prior to PAR form approval and in advance of LRP reviews. Refer to section 5.3.11 for further information on PAC requirements

4.8.4 During the LRP process, the Program concurrence package will be reviewed at each Utility's LRP Review (VP-level review). Utility COO and CEO will review in list format as part of the LRP review.

4.8.5 Programs continue to get additional levels of review in the LRP at the following DOA levels:

Programs under $25M are reviewed/approved in list format at the LRP Review Meeting (Utility CEO, COO and CFO).

Programs over $25M are reviewed/approved in list format by EU CEO during EU O&M / Capital / Headcount meeting. Programs under $25M are included in documentation as inform only.

Programs over $50M are included in list format in main section of LRP materials for Exelon CEO review/approval.

Programs over $50M included in bullet format in main section of LRP materials for Utility BOD as needed for review/approval.

Programs over $100M included in bullet format in main section of LRP materials for Exelon BOD as needed for review/approval.

4.8.6 After the Program is approved through the LRP process, approval is documented on a Program PAR form.

4.8.7 Revised authorization (Reauthorization) is required for Programs and their associated projects that have or are predicted to have **any** overrun greater than the authorized amount for the program budget for a given year. This will occur at the PCC.

4.9. Overview of a Programmatic Project

4.9.1 A Programmatic Project is a project that is part of a Program, where funding and DOA approval originates from the Program.

4.9.2 Programmatic Treatment only occurs when a project meets all Programmatic Criteria, as approved by the Program Category Manager. Refer to Attachment 2 for Programmatic Criteria. Refer to Attachment 1c for Program Authorization Process Flow.

4.9.3 Programmatic projects with total cost (direct + indirect) greater than $5M or a risk profile that is different from other work in the program (as outlined in the Programmatic Project screening criteria) are required to follow the PCC screening process (Type I/ Type II).

Note: If a Programmatic project requires PCC presentation, based complexity and risk, it will still be classified as a “Programmatic Project” in WPT and funded through the Program PAR Form.

Programmatic Projects that do not meet Programmatic Criteria will still use ITN Plan Type called “Programmatic Project” in WPT.

4.9.4 The expedited approval pathway taken by Programmatic projects includes the avoidance of the Project Screening and Concurrence Body review steps, and the elimination of the need for a project PAR Form.

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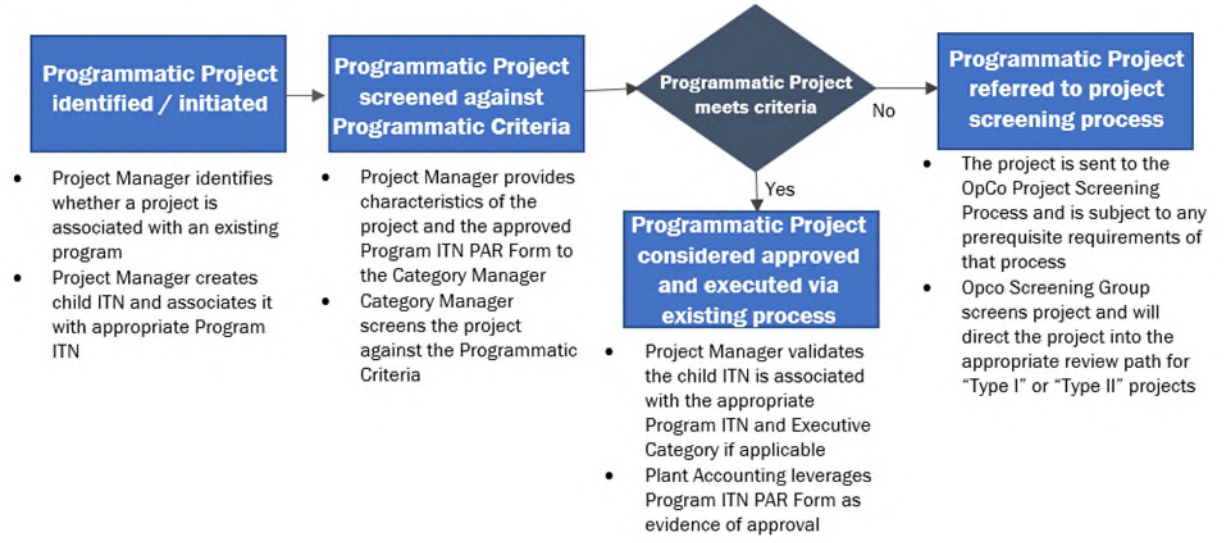
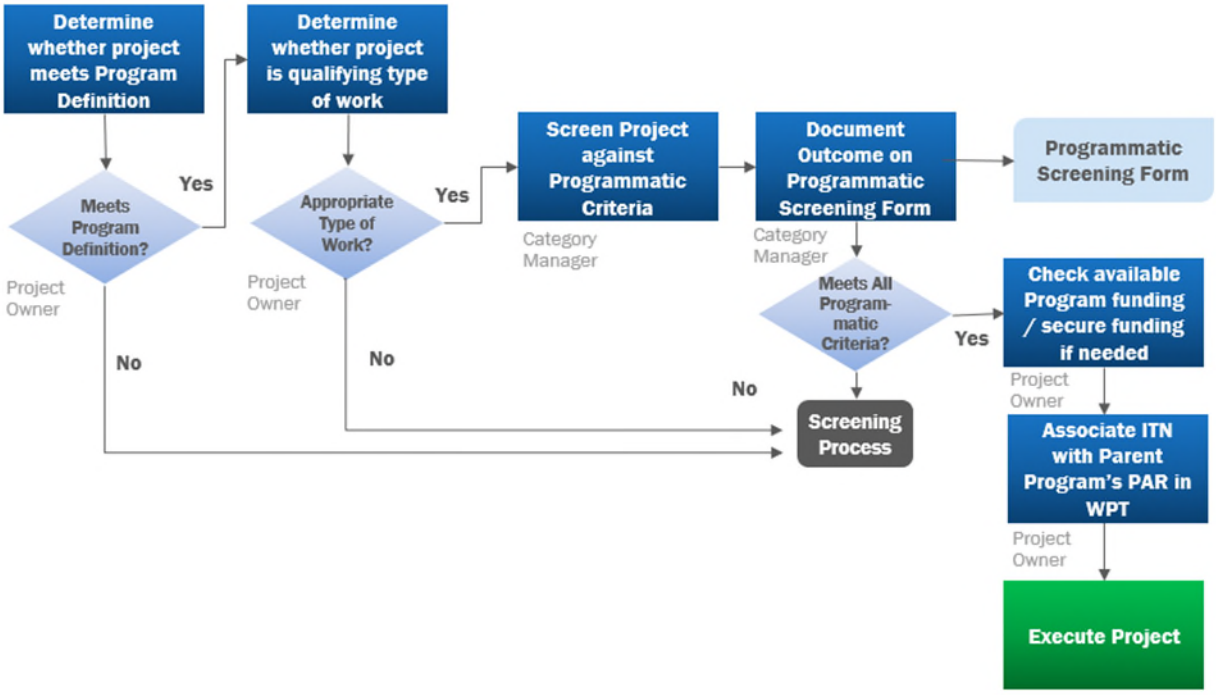
Programmatic Project Process Overview





4.10. Emergency Project Authorization

4.10.1 Emergency projects designated by the responsible executive as needing to proceed outside of normal project approvals to support the system reliability and resiliency, safety or customer needs of the Utility. Note: Distribution, Transmission and Substation projects related to a storm event are not required to adhere to this procedure.

Note: Emergency Projects are exception to normal three phased approval path

4.10.2 Additionally, Emergency Project authorization material should be provided to PCC voting members for review. Applicable PCC Chair/Vice Chair (or delegate) may independently provide written or electronic approval or sign the PAR Form to document approval up to the authorization limits indicated in Attachment 4.

Note: Emergency Project authorization material should be provided to PCC voting members for review

4.10.3 Projects initiated as emergencies should have the complete written project authorization documentation and present to the OpCo or MOP PCC within 60 days from the original emergency authorization to obtain formal project authorization.

4.11. Project Authorization Revisions

4.11.1 For any single Utility Project approved as a single OpCo project or MOP project, revised authorization (Reauthorization) is required for projects that have or are predicted to have an overrun greater than 10% and $100K of the authorized amount. Unfavorable variances to prior approved amounts less than 10% and $100K of the original authorization do not require reauthorization even if the variance crosses from one approval threshold to a higher required approval. See LE-AC-11.

4.11.2 The need for reauthorization should be evaluated at least monthly through the reauthorization assessment process.

Project Management (BGE) or Utility Project Evaluation-Finance (PECO/ComEd/PHI) prepares a reauthorization report for Single OpCo and MOP Projects. PMs or originators assess the report and take corrective actions (i.e., revise forecast, close project, submit for re-authorization, etc.) to maintain compliance.

Utility Project Evaluation-Finance and EU Finance ensure that actions have been taken to address projects in excess of authorized limits.

4.11.3 Project Reauthorization shall occur once it is known the project will have a final variance exceeding the limits defined below:

Type 0 Projects - If, at any point in the project lifecycle, the project incurs additional costs over the 10% and $100K overspend threshold and is under the $1.5M total cost threshold, a PAR form reauthorization is needed.

If at any point in the project lifecycle, the project incurs additional costs and is now over the $1.5M total cost threshold, the PMs or originator will be required to enter the project screening process.

All Type I projects are required to be re-forecasted by the PMs or originator prior to execution. Depending on the variance threshold between Phase 2 and re-forecasted Phase 3 total project costs, the PM or originator will be required to follow the following steps:

If the variance is within +/- 10%, the PM or originator will be required to submit a revised PAR form only.

If the variance is within +/-10% to +/-25%, the PM or originator will be required to provide a variance explanation and a revised PAR form.

If the variance is greater than +/- 25%, the PM or originator will be required to give a presentation, including variance slide with explanation, in-person to the PCC. A revised PAR form is also required

If the project incurs additional costs over the 10% and $100K overspend threshold above authorized spend during Phase 3, the PM or originator will be required to be re-authorized by entering the project screening process.

4.11.4 The PM or originator determines required authorization based on the revised estimated project cost and must obtain approval through the appropriate authorizing entity per Attachment 4

4.12. Monitor Project Performance

4.12.1 After project approval, the PM is responsible for (1) identifying any deviations from the terms of the business case upon which the project was approved, (2) quantifying the impacts of said deviations, and (3) monitoring project progress using standard project management metrics.

4.12.2 The PM will communicate changes to the approved business case to the Project Sponsor, Utility Project Evaluation-Finance, and Company Leadership throughout the Implementation Phase of the project.

4.12.3 For all approved open projects greater than $25M, the PM prepares a Project Status Report on a quarterly basis.

4.12.4 In addition, all approved open projects >$50M must adhere to detailed reporting requirements as outlined in PE-AC-12, (i.e. Risk Management Committee (RMC) and Finance and Risk Committee (FRC) Supplemental Slides).

4.12.5 MOP projects are required to complete the Project Status Report and reporting requirements outlined in PE-AC-12 based on aggregate project spend, or the total project spend from all participating utilities.

The purpose of the aggregate reporting requirement for MOP projects is to improve transparency and visibility to executive leadership.

4.12.6 The quarterly Project Status Report reflects the results of a detailed project review to assess both progress against its planned cost and schedule, as well as the viability of the business case assumptions and safety performance. Refer to Attachment 6 Project Status Report Guidelines. Contact Utility Project Evaluation-Finance for the latest Project Status Report Template. The primary purpose of the assessment is to ensure that the project remains on schedule and on budget by identifying issues or deficiencies requiring corrective action. The Project Status Report shall include an analysis of variances in project cost, project timeline, and / or expected outcomes. Project schedule and cost are updated with current information including Cost Performance Index (CPI), Schedule Performance Index (SPI) and major milestones. Refer to section 7.29 and 7.31 for CPI and SPI definitions. Refer to Attachment 7 CPI / SPI Overview and Attachment 8 Project Status Report Performance Metrics and Criteria for information relating to the performance metrics.

4.12.7 The Project Status Report is submitted by the PM to Utility Project Evaluation-Finance where it is aggregated and submitted to Exelon Utilities Finance for review and submission to Corporate Planning.

Note that Project Status Reports submitted by Exelon Utilities Finance to Corporate Planning in compliance with PE-AC-12 will not include the CPI and SPI information.

4.13. Post Implementation Appraisals (PIA)

Post Implementation Appraisals, as defined in in PE-AC-12, should be completed based on Utility management discretion. Similarly other post implementation documentation including but not limited to lessons learned reporting may be required at the request of local management.

5. Roles and Responsibilities

5.1. Sponsor / Category Owner

5.1.1 Typically, a Vice President (or higher level).

5.1.2 Provide objective oversight for the category of work and instill fiscal responsibility throughout the process.

5.1.3 The project Sponsor is identified during the initial project introduction to the OpCo or MOP PCC and oversees project authorization and execution.

5.1.4 Responsible for oversight of project approvals for Type I and Type II Projects and when applicable Centrally Managed Projects.

5.1.5 Oversees completion of project technical reviews.

5.1.6 For programmatic projects, diverts projects that do not meet criteria as programmatic projects to project screening process

5.1.7 Responsible for the financial and technical execution of any programs and programmatic projects within his or her category.

5.1.8 Will approve PAR Form up to $5M (must have appropriate approval authority per the DOA).

5.2. Category Manager

5.2.1 Accountable for ensuring projects initiated in category correctly and following appropriate approval path.

5.2.2 Responsible for oversight of project approvals for projects reforecasted at Phase 3.

5.2.3 Will screen project against Programmatic criteria and verify Parent/Child association has been set up correctly in WPT.

5.2.4 Will approve PAR Form up to $0.5M (must have appropriate approval authority per the DOA).

5.3. Project Manager (PM)

5.3.1 Complete minimal technical review: project scope; expected project benefits; alternatives considered; ensure all implementation-related O&M costs have been included in estimate; confirm OpCo has acceptable experience with type of work within last five years.

5.3.2 Submit required documentation for Type I, II, and III projects: PAR Form (complete but not yet approved); project Fact Sheet; initial screening checklist and recommended project grade.

5.3.3 Responsible for completing and submitting reforecast documentation to Investment Strategy.

5.3.4 Complete prerequisites and prepares and submits documentation to Investment Strategy for project screening.

5.3.5 For Phases 2 and 3, prepares project authorization packages (e.g., PAC Form, PAR form, PowerPoint Presentation) for the appropriate level of approval (e.g., MOP PCC, OpCo PCC, Utility CEO, EU and ECAP).

5.3.6 Completes Project Accounting Checklist (PAC) and reviews project with Plant Accounting (and BSC Accounting, if applicable) prior to seeking funding approval.

5.3.7 Reviews project with Asset Investment Committee (AIC) and/or EU IT Project Checkbook Review, as applicable

5.3.8 Submits PCC authorization packages to:

- For Single OpCo projects: Investment Strategy and Utility Project Evaluation-Finance prior to scheduled OpCo PCC meetings.
- For Multi-OpCo projects: Investment Strategy, respective Utility Project Evaluation-Finance, and EU Finance prior to scheduled MOP PCC meetings.

5.3.9 Presents the proposed Type II, Type III, or MOP project at the PCC for approval after completing the following:

- Obtain offsets for underfunded or unfunded projects (current requests must be fully funded)
- PAR Form
- PowerPoint Project Authorization Presentation for Phase 2 and 3 or Phase 1 greater than or equal to $1.5M (Non-IT) or $0.5M (IT)

  Note: If the project is to be reviewed above the Utility CEO level, the slides are required to be in the approved ECAP project authorization template. Contact Utility Project Evaluation-Finance or EU Finance for an example of the project authorization template.

5.3.10 Prepares the PIA, and for ECAP projects, prepares all reports as required by PE-AC-12.

Responsible for establishing project implementation plans and procedures and practices to support project-monitoring activities. Project monitoring is to include standard metrics of Cost Performance Index (CPI), Schedule Performance Index (SPI) and Major Milestones. CPI and SPI will typically be “N/A” for projects that have turn-key fixed price Engineering, Procurement and Construction (EPC) contracts due to the cost and schedule performance being the EPC contractor’s responsibility per the contract. Also, contractors do not typically provide a cost loaded schedule

5.3.11 Makes sure EPS Project ID is properly created and up to date.

- Completes the Project Accounting Checklist (PAC) form (excel attachment) and upload in WPT. The PAC form must be reviewed by OpCo Plant Accounting before proceeding with PAR form authorization for project with greater than $500K of direct costs and for new Programs with direct costs

greater than $500K approved through LRP process. Questions relating to PAC form requirements should be addressed to OpCo Plant Accounting

Note: This requirement is not applicable to BGE Utility or BSC IT Projects

- Works with the Plant Accounting to ensure the EPS project is properly setup in the accounting systems
- Is responsible for determining that all charges to the EPS project status are appropriate, including review of project asset map row information, and communicating changes in project status to the Plant Accounting to be reflected in accounting systems in a timely manner (e.g. within the month of occurrence).
- Communicates changes to the EPS Project status (e.g., “open”, “in-service”, “closed”, “canceled”, etc.) for all EPS projects to Plant Accounting in a timely manner (e.g. during the month they occur)
- Determines if the project is a MOP project.

5.4. Project Concurrence Committee (PCC)

5.4.1 Committee responsible for review (the technical and business alternatives) of current and planned projects to ensure that:

- There is a valid business need for all proposed unique projects;
- The proposed solution is the best choice between the alternatives;
- Project resources are accurate and fully identified;
- Resources/scheduling are leveraged and properly communicated;
- The proposed project is the most cost-effective technically acceptable solution; and
- Integrates work management, business planning, project authorization, and project management to ensure alignment and that all requirements are addressed.

5.4.2 Periodically reviews project status and ensure timely closure of projects.

5.4.3 Makes recommendations regarding changes to the proposed work scope to meet challenges to the overall utility budget.

5.4.4 The PCC Chair, with assistance from Investment Strategy, shall schedule OpCo PCC meetings as needed, typically once per month. EU Finance shall schedule MOP PCC meetings as needed, typically once per month.

5.4.5 Except for emergency circumstances as defined in section 4.10, a quorum is needed in order to recommend approval of a project to be approved by the appropriate DOA. The PCC Chairs have final recommended approval ability if a quorum or concurrence is not met. In the event that the PCC Chair is not available, then the PCC Vice Chair will serve on his or her behalf.

5.4.6 For Single OpCo projects: The quorum shall consist of 6 of 11 representatives (BGE, PECO, and PHI) or 6 of 10 representatives (ComEd) which includes: PCC Chair (COO) or Vice Chair (CFO); Director, OpCo Risk (or delegate); and four other OpCo VPs (or delegates) (Electric, Gas, Customer Ops, Transmission & Substation, Technical Services, Regulatory or General Counsel, GRAPP, Accounting Director), with a recommendation that one be the Executive Sponsor. If the PCC Chair or Vice Chair cannot attend, then they may subdelegate their responsibilities, subject to the approval of Investment Strategy. The quorum is responsible for reviewing and challenging projects within the limits of Attachment 4; and recommending projects for authorization above the limits of Attachment 4. See Attachment 9 for list of OpCo PCC voters.

5.4.7 For Multi-OpCo projects: The quorum shall consist of the OpCo representatives from each of the OpCos with anticipated spend that exceeds $500K in the project for IT projects OR anticipated spend that exceeds $1.5M in the project for non-IT projects. The OpCo representatives include: (1) OpCo PCC Chair or Vice Chair (CFO) (2) four other OpCo VPs (or delegates), with a recommendation that one be the Executive Sponsor. If the OpCO PCC Chair/Vice Chair cannot attend, then they may subdelegate their responsibilities, subject to the approval of EU Finance. The quorum is responsible for reviewing and challenging projects within the limits of Attachment 4; and recommending projects for authorization above the limits of Attachment 4. See Attachment 9 for list of OpCo PCC voters.

5.4.8 Provides formal authorization for the start of Phases 2 and 3, and if applicable, Phase 1 greater than or equal to $1.5M total costs (direct + indirect) for non-IT projects.

5.4.9 Provides formal authorization for the start of Phases 2 and 3, and if applicable, Phase 1 greater than or equal to $500K total costs (direct + indirect) for IT projects.

5.4.10 Reviews, challenges and recommends or rejects the project.

5.4.11 Utility or MOP PCC shall review all Post Implementation Appraisal (PIA) prior to their submittal to higher levels of leadership. See PE-AC-12.

5.5. Utility Chief Executive Officer

5.5.1 Review, reject, or authorize major capital projects to the limits of Attachment 4.

5.5.2 Reviews PIAs prior to submission to Exelon Utilities CEO.

5.6. Chief Executive Officer, Exelon Utilities

5.6.1 Review, reject, or authorize major capital projects to the limits of Attachment 4.

5.6.2 The EU CEO reviews Post Implementation Appraisals (PIAs) and determines whether review by additional DOA approvers is necessary (i.e. Exelon CEO or above).

5.7. Chief Executive Officer, Exelon

5.7.1 Review, reject, or authorize major capital projects to the limits of Attachment 4 prior to submission to Utility and/or Exelon Board of Directors. Typically, Exelon CEO approval can be obtained at the Exelon Risk Management Committee (RMC) meeting.

5.8. Utility Board of Directors

5.8.1 Review, reject, or authorize major capital projects to the limits of Attachment 4.

5.9. Exelon Risk Committee (RC)

5.9.1 Review, reject, or authorize major capital projects to the limits of Attachment 4.

5.10. Exelon Board of Directors

5.10.1 Review, reject, or authorize major capital projects to the limits of Attachment 4.

5.11. Utility Project Evaluation-Finance

5.11.1 Provides governance and oversight for the OpCo project authorization process.

5.11.2 Is the Subject Matter Expert on PAR Forms, DOA and project approval management models.

5.11.3 Reviews the authorization packages (PAR Form, Presentation Template) of project approval requests and ensures accuracy of the supporting analysis, the project classification, and the funding sources.

5.11.4 Provides the interface with Exelon Utilities and the ECAP process for projects requiring higher authorization levels. Maintains appropriate corporate project authorization files for ECAP approved projects.

5.11.5 Supports the PMs in preparing PIAs and, when applicable, other Exelon Utilities and/or ECAP required reports.

5.11.6 Prepares and/or reviews the reauthorization report as described in section 4.11.

5.11.7 Attends MOP PCC. Provides oversight over their respective OpCos information in MOP presentation. Provides information to MOP EU- Finance regarding PAR forms.

5.11.8 Maintains project pipeline.

5.11.9 Confirms PAC Form (if applicable) form loaded into the ITN prior to reviewing PAR form. Refer to 5.3.11 for additional PAC form information

5.11.10 Reviews and approves PAR Forms prior to routing for DOA approval

5.11.11 Coordinates quarterly project control reporting.

5.12. Multi-OpCo Project (MOP) - EU Finance

5.12.1 Sets the MOP PCC agenda to support project authorization requests and distributes project authorization packages to the MOP PCC members generally the weekend in advance of scheduled meetings.

5.12.2 Acts as Shepherd for MOP projects: project specific approval process guidance and support; quality assurance and quality control for project approval materials; cross-functional liaison as needed (e.g., Accounting, Supply, etc.).

5.12.3 Reviews the authorization packages (Presentation Template) of project approval requests and ensures completeness of the supporting economic analysis, the project classification, and the funding sources.

5.12.4 Supports the PM in preparation for a PCC presentation. Screens project request packages before they are distributed to the MOP PCC.

5.12.5 Conducts the MOP PCC meeting and records committee decisions including resolutions to financing issues, such as budget offsets and unallocated funding status. Provides financial analysis guidance and ensures financial interests of the organization are properly addressed in the decision process.

5.12.6 Maintains a database/log of the MOP PCC approved projects. Ensures all open action items from the meetings are tracked and closed. Maintains appropriate corporate project authorization files for the MOP PCC approved projects.

5.12.7 Provides the interface with Exelon Utilities and the ECAP process for projects requiring higher authorization levels.

5.12.8 Works with the Utility Project Evaluation-Finance to ensure that the operation and financial interests of the OpCo are properly addressed in the decision process. Works with the Utility Project Evaluation-Finance to determine if PAR form was completed by the PM.

5.12.9 Supports the PMs in preparing PIAs and, when applicable, other Exelon Utilities and/or ECAP required reports. Reviews the reauthorization report as described in section 4.11 for MOP approved projects.

5.12.10 Provides governance and oversight for the MOP process. Determines what projects should fall within the MOP process.

5.12.11 Includes record of authorization in MOP PCC project files for those projects authorized by the respective Utility CEO, Exelon Utilities CEO, Exelon CEO, Utility BOD, FRC, and/or BOD.

5.12.12 Prepares the pipeline and Project Status Report for MOP projects coordinating with Utility Project Evaluation-Finance. Maintains approved copies of major project authorization packages.

5.13. Investment Strategy

5.13.1 Accountable for project Screening process, and Type I/Type II project review process

5.13.2 Leads OpCo Cross-functional Screening Group reviews of graded projects.

5.13.3 Acts as Shepherd for Type II ,Type III, and programmatic projects: project specific approval process guidance and support; quality assurance and quality control for project approval materials; cross-functional liaison as needed (e.g., Accounting, Supply, etc.)

5.13.4 Sets the OpCo Asset Investment Committee (AIC) and PCC agenda. Schedules OpCo AIC and PCC meeting.

5.13.5 Review of authorization packages (Presentation Template) of project approval requests.

5.13.6 Supports the PM to prepare for a PCC presentation.

5.13.7 Supports the OpCo PCC and records PCC decisions, including resolution of financing issues, such as budget offsets and unallocated funding status.

5.13.8 Maintains a record of the PCC approved projects. Ensures all open items from the meetings are tracked and closed. Maintains appropriate corporate project authorization files for the PCC approved projects.

5.13.9 Provides oversight and support for the project authorization process.

5.13.10 Attends MOP PCC.

5.14. OpCo Cross-functional Screening Group

5.14.1 Includes Senior Manager, Investment Strategy; Senior Manager, OpCo Finance; and Director, OpCo Risk (or delegates) to review all project grades and ensure alignment.

5.15. OpCo Finance

5.15.1 Participate in Utility of the Future/Innovation Council meetings.

5.15.2 Participate in OpCo Cross-functional Screening Group.

5.16. Director, OpCo Risk

5.16.1 Participate in OpCo Cross-functional Screening Group.

5.16.2 Facilitates and schedules OpCo RMC.

5.16.3 Is a voting member of the PCC.

5.17. Information Technology

5.17.1 Evaluates and sponsors authorization of IT projects.

5.17.2 Verifies that any projects procuring hardware and/or software are aligned with IT strategies.

5.17.3 Conducts EU IT Project Checkbook Review meetings. The EU IT Project Checkbook Review is a committee consisting of cross-functional representation across each utility that is responsible for approving incremental increases of funding and emergent EU IT projects.

6. Documentation

As described herein. The original PAR form with original signatures shall be maintained by Utility Project Evaluation-Finance group or available in an electronic data repository. Documents are to be maintained based on Exelon's Records Retention Policy. See LE-AC-401 Records and Information Management , Retention and Disposition for further details.

7. Terms and definitions

7.1. Order of Magnitude Estimate (Phase 1)

7.1.1 Project estimate with an uncertainty of +/ -50%.

7.2. Budgetary Estimate (Phase 2)

7.2.1 Project estimate with an uncertainty of +/-25%.

7.3. Definitive Estimate (Phase 3)

7.3.1 Project estimate with an uncertainty of +/-10%.

7.4. Project

7.4.1 A unique activity, or set of activities, that accomplish a measurable objective (defined scope) with specific beginning and end dates, defined direct funding (≥$100K), an assigned PM, and sufficient complexity, critical duration or risk (financial or operational) to warrant visibility and administrative controls.

7.5. Project Types

7.5.1 A project that meets the Section 7.4.1 definition, will be graded into three (3) categories: Type I, Type II, and Type III based on level of risk.

7.5.2 Type 0 – Non-IT projects with direct costs greater than $100K and under $1.5M total costs (direct + indirect), or IT projects with direct costs greater than $100K and under $500K total costs (direct + indirect) total costs These projects do not require a review by the Project Concurrence Committee (PCC). Type 0 projects will be considered approved with an approved PAR form.

7.5.3 Type I – Projects that meet these criteria consist of low-risk work that each utility has a history of successfully executing. Type I projects will leverage a streamlined review and approval approach. See Attachment 1d.

Note: Type I projects will require a PAR form approval at Phase 1 and Phase 2 only.

If Phase 3 total project estimate is within +/- 25% variance from Phase 2 total project estimate, a revised PAR form and is required. If the costs are >$100K, variance drivers must be documented.

If Phase 3 estimate is greater than +/-25% variance from Phase 2 total project estimate, a presentation to the Project Concurrence Committee (PCC) is required along with variance explanation and lessons learned. An updated PAR form is also required.

7.5.4 Type II – Single OpCo project with more complexity, high investment, risks or as determined by management requires phased approval. See Attachment 1e. Type II projects will be reviewed in monthly in-person Project Concurrence Committee (PCC) meeting, PMs will prepare a full project documentation package.

Note: Type II projects will require project approval at each Phase of the project.

7.5.5 Type III – A new or enhanced process, product, or service, which involves the deliberate use of innovation, imagination, and initiative intended to derive value for our customers, employees, and stakeholders. These projects could be categorized as Business Refinement, Core Business Expansion, Core Business Shift, and Connected Communities. See Attachment 1f.

7.5.6 See 7.14 for the definition of Programs. See 7.34 for the definition of a Multi-OpCo Project (MOP).

7.6. Study Phase (Phase 1)

7.6.1 Includes preliminary evaluation and/or engineering work to establish objectives, scope, success criteria, and clarify viability of the project. Activities include identification of feasible alternatives and selection of the best alternative through net present value analysis or another formal alternative selection process. The project contracting and procurement strategies are outlined during the Study Phase along with an estimate of the Design Phase expenditures and a projection of the total project costs. The Study Phase is concluded when either the Design Phase authorization is approved or when the proposed project is canceled. In some cases, the scope, performance criteria and alternative evaluation are performed and funded within the baseline budget. In such a case, the Phase review begins with the Design Phase.

7.7. Design Phase (Phase 2)

7.7.1 Includes project plan, all engineering planning, calculations, work planning and preparation necessary to fully specify the actions required to implement the project. The project design includes specifications, design packages, implementation schedules, estimates of the Implementation Phase expenditures along with a revised projection of the total project costs, and refined economic evaluations for the project. The Design Phase may include the procurement of long lead-time equipment and materials as well as site prep and the start of civil construction. The Design Phase is completed with the approval of the design deliverables and/or the implementation authorization, deferral, or cancellation of the project.

7.8. Implementation Phase (Phase 3)

7.8.1 Includes installation, acceptance testing, and final document preparation. Materials are received; prefabrication completed; old equipment removed; stranded material removed from warehouse stock; new equipment installed; and engineering analyses and configuration documentation is verified complete as part of implementation. In addition, design activities performed to support field changes during implementation are a part of this Phase. Project closeout is included in this Phase.

7.9. Emergency Project

7.9.1 Projects designated by the responsible executive as needing to proceed outside of normal project approvals to support the safety or system needs of the Utility. Note: Distribution, Transmission and Substation projects related to a storm event are not required to adhere to this procedure.

7.10. Mandated Project

7.10.1 Required by Law or Regulatory Mandate, or internal criteria established to meet the Law or Regulatory Mandate. A project required to meet safe system operations or comply with a legal or regulatory mandate, including personal, environmental and occupational safety. These also include projects not specifically required by regulation but are committed action with a due date established via written correspondence between the Utility and the regulatory or oversight agency. Also included are projects necessary to meet minimum requirements of serving customers and their load.

7.11. Maintenance Project

7.11.1 A project required to continue operation of the system. Without the repair, the system will enter an unacceptable material condition and system reliability, contingency or outage.

7.12. Capital Project

7.12.1 A project whose total costs are primarily capitalized in accordance with the Exelon Capitalization Policy (CA-AC-POL1-035 Capitalization - Property, Plant and Equipment Accounting Policy). These projects involve the creation of new property units, the replacement of existing property units or the removal of existing property units. Capital projects may have removal and expense activities (e.g., operations and maintenance) associated with them, which must have supporting documentation on how capital vs. expense and installation vs. removal splits were determined. Any questions or clarifications relating to the capitalization of projects should be addressed to Plant Accounting

7.13. Operations and Maintenance Project

7.13.1 A project that prevents failure or restores serviceability and maintains operability of existing assets, and cannot be capitalized in accordance with the Exelon Capitalization Policy

7.14. Programs

7.14.1 Work that is proactive in nature, has predetermined specific types of work, and tasks or jobs with similar scope for a specific time period. This work is repetitive, high volume, and low risk. Examples include but are not limited to Long-term infrastructure improvement (LTIP), Infrastructure Platform Investment (IP2), New Business, Facility Relocation, Real Estate & Facilities (RE&F) and Substation Security Facility Enhancement Program (FEP). See Attachment 2 for Programmatic Criteria.

7.14.2 Programs will be approved on an annual basis as part of the Long-Range Planning (LRP) process.

7.15. Programmatic Projects

7.15.1 A Programmatic Project is a project that is part of a Program, where funding and DOA approval originates from the Program

7.15.2 Projects associated with programs with costs greater than $0.5M direct costs and less than $5M total cost (indirect + direct) are screened by the Category Manager.

7.15.3 Projects with costs greater than $5M total cost (direct + indirect) or a risk profile that is different from other work in the program (as outlined in the Programmatic Project screening criteria) are required to follow the project screening process. See 4.2.

7.16. Annual/Baseline Projects

7.16.1 General scope of work consisting of high-volume and low-cost activity throughout a given year with individual tasks typically less than $100K and a construction period of less than 30 days. Examples include but are not limited to Distribution Cable Fault Repair; Replacement of Distribution Poles, Emergent and non-Emergent replacement of overhead and underground equipment.

7.17. Exelon Risk Committee (RC)

7.17.1 Senior Exelon corporate management committee that allocates funding (including capital projects) to the Utilities based on corporate objectives and strategies.

7.18. Exelon Board of Directors (BOD)

7.18.1 The Exelon BOD is the highest governing board of the corporation with direct responsibility for the interests of the shareholders of the Company.

7.19. Exelon Capital Approval Process (ECAP)

7.19.1 ECAP is a corporate process for authorization of projects that requires Exelon CEO, Utility BOD, Exelon FRC, or Exelon BOD approval. See PE-AC-11.

7.20. Internal Offset

7.20.1 An internal offset is a source of funding for an unbudgeted or under-budgeted project. Internal offsets usually result in the transfer of available funding from a funded project to an unfunded (or underfunded) project. This may result from a surplus in a funded project, or from a decision to postpone a funded project to fund an unfunded project.

7.21. Net Present Value (NPV)

7.21.1 NPV is a measurement of discounted after-tax cash flows, recognizing the time value of money. Cash flows are discounted using the relevant WACC or discount rate. The general rule is to select projects with NPV greater than zero and an acceptable risk profile.

For regulated investments that are cost-based in nature and will be recovered in the rate base, NPV analysis may not be applicable. See PE-AC-122 - Investment Evaluation Standards and Guidelines

7.22. Post Implementation Appraisal (PIA)

7.22.1 The process for reviewing and documenting the actual business case results to-date and an updated forecast for future periods, as compared to the approved business case, and identifying lessons learned and process improvements.

7.23. Plant Accounting

7.23.1 Individual responsible for ensuring that project charges have proper accounting, supporting documentation, and compliance with generally accepted accounting principles and regulatory accounting requirements with regards to capitalization. Is additionally responsible for working with the Project Managers to ensure EPS projects are properly setup in accounting systems, and that the EPS project status is updated in the accounting systems in a timely manner throughout the life of the project. See CA-AC-PCS2-001, Project Accounting and Controls and Unitization and Retirements Process.

7.24. Project Concurrence Committee (PCC)

7.24.1 Utility-specific Senior Management team responsible to review and/or recommend projects to assure that they are aligned with business unit goals. The committee will recommend the project to be approved by the applicable Delegation of Approval (DOA). See Attachment 4

7.25. Project Manager (PM)

7.25.1 Designated individual who is responsible for all aspects of an assigned project, including the coordination of activities related to the economic evaluation and justification for the project, ensuring that approved spending commitments are within limits of the approval level, and the preparation and submission of interim progress reports and a post-implementation appraisal.

7.26. EPS Project Status

7.26.1 Represents the financial state of the EPS project in the accounting system, including: “New”, “Open”, “Open-hold”, “In service”, “In service-hold”, “Closed”, or “Cancelled”. The project status is used to automatically determine, calculate, and report the following financial costs associated with each EPS project:

- Allowance for Funds Used During Construction (AFUDC)
- Depreciation Expense
- Transfers from Construction Work in Progress to Plant, Property, and Equipment
- Recording assets installed and/or retired

7.26.2 The EPS project status also determines if a project can incur charges. The financial costs that are based on the project status are used by and reported to numerous internal groups (Financial Planning & Analysis, Accounting Finance, etc.) and external groups (FERC, ICC, PUC, SEC, etc.) for a variety of purposes. See to CA-AC-PCS2-001.

7.27. Project Status Report

7.27.1 Quarterly report that summarizes the status of each project with approved spend > $25M after the project has been approved through the project Implementation Phase. Forecasted costs, scope, schedule, or projected outcome variances from the approved business case shall be addressed.

7.28. Actual Cost (AC)

7.28.1 The total cost that the project has incurred to date. Also referred to as the actual cost of the work performed (ACWP). It is independent of the invoiced amount. AC is used in the project CPI calculation. See Attachments 6-8.

7.29. Cost Performance Index (CPI)

7.29.1 This is a standard Project Management metric for evaluating project cost performance. It is calculated by establishing the Earned Value (EV) of the project to date divided by the Actual Cost (AC) incurred to date. A CPI value of less than 1.0 means that the project is costing more than was planned. A CPI of 1.0 means that the project is spending exactly where it was planned. A value of greater than 1.0 means that the project is spending more efficiently than was planned and there may be opportunities. Note: CPI may be “N/A” for complete turnkey projects. See Attachments 6-8.

7.30. Earned Value (EV)

7.30.1 Standard Project Management measure for the value of work performed expressed in terms of the approved budget assigned to that schedule activity or work breakdown structure component. Also referred to as the budgeted cost of work performed (BCWP). Earned Value determination only considers activities that have a budgeted value and what portion of that budget has been realized project to date (expressed as a cumulative value). EV is used to determine CPI and SPI. See Attachment 6-8.

7.31. Schedule Performance Index (SPI)

7.31.1 This is a standard Project Management metric for evaluating project schedule performance. It is calculated by establishing the Earned Value (EV) of the project to date divided by the Planned Value (PV) as of a designated point of time. An SPI value of less than 1.0 means that the project is behind schedule. An SPI of 1.0 means that the project is exactly where it was planned. A value of greater than 1.0 means that the project may be completed early. Note: SPI may be "N/A" for complete turnkey projects. See Attachments 6-8.

7.32. Reauthorization Report

7.32.1 Report that compares authorized amounts to actual spend/latest forecast. Report is used to determine if a project has exceeded or will exceed its authorized amount.

7.33. Single Op-Co Project

7.33.1 A project that meets definition 7.4 and only one utility is included in the total project costs.

7.34. Multi Op-Co Project (MOP)

7.34.1 A non-IT project that meets definition 7.4 and has more than one utility included in the total project costs at $1.5M or more for each utility.

7.34.2 An IT project that meets definition 7.4 and has more than one utility included in the total project costs at $500K or more.

7.35. Unbudgeted Project

7.35.1 A project not included in the current version of the Utility budget or a project is also considered "unbudgeted" if it is included in the budget but is under-funded for the current year's cash flow requirements.

7.36. Utility Company Board of Directors

7.36.1 The Utility Company BOD is the highest governing board of each utility company. The Exelon Chief Executive Officer chairs each utility BOD. The Exelon Utilities CEO serves as the Vice-Chair.

7.37. Long Range Plan (LRP)

7.37.1 **LRP:** Five-year financial forecast that consists of an income statement, balance sheet, and cash flow statement; as well as other important financial information (which may change periodically based on business circumstances and needs). LRP forecasts are prepared at both the OpCo and consolidated level.

7.37.2 **LRP 1.0:** Long Range Plan completed in September/October. Emphasis is on discussion around OpCo(s) Strategic Elements, Financing Plan, O&M, and CapEx plans and measurement against targets.

7.37.3 LRP 2.0: Long Range Plan completed and approved in January/February. LRP 2.0 incorporates key year-end updates, such as 12/31 power prices, 12/31 pension/OPEB valuation, 11/30 utility load updates, levers and any other changes from LRP 1.0. The first year of the LRP becomes the budget and forms the basis for incentive compensation targets and is used for performance tracking in the coming year.

References

7.38. CA-AC-POL1-035 Capitalization - Property, Plant and Equipment Accounting Policy

7.39. CA-AC-PCS2-001 Project Accounting and Controls and Unitization and Retirements Process

7.40. LE-AC-11 Exelon Corporation Delegation of Authority Policy

7.41. LE-AC-401 Records and Information Management , Retention and Disposition

7.42. PE-AC-11 Capital Approval Process

7.43. PE-AC-12 Capital Control Process

7.44. PE-AC-122 Investment Evaluation Standards and Guidelines

7.45. FI-EU-P079 IT Benefits Liquidation Process

8. Attachments

8.1. Attachment 1a - Project Authorization Process Flow

8.2. Attachment 1b - MOP Project Authorization Process Flow

8.3. Attachment 1c - Program Authorization Process Flow

8.4. Attachment 1d - Type 1 Project Authorization Process Flow

8.5. Attachment 1e - Type II Project Authorization Process Flow

8.6. Attachment 1f - Type III Project Authorization Process Flow

8.7. Attachment 2 - Programmatic Project Criteria

8.8. Attachment 3 - Three Phase Authorization Process Flow

8.9. Attachment 4 - Project Authorization Limits

8.10. Attachment 5 - Presentation Templates

8.11. Attachment 6 - Project Status Report Guidelines

8.12. Attachment 7 - Cost Performance Index/Schedule Performance Index Overview

8.13. Attachment 8 - Project Status Report Performance Metrics and Criteria

8.14. Attachment 9 - OpCo PCC and MOP PCC Membership

8.15. Attachment 10 - Reauthorization Summary

8.16. Attachment 11 - Screening Checklist

8.17. Attachment 12 - Fact Sheet

8.18. Attachment 13 – Project Authorization Matrix

8.19. Attachment 14 – Frequently Asked Questions

9. Development history

Revision 0	**Date 02/05/2004**
Writer	Tom Luke (Operations)
Review(s)	Dennis Wesley, Dave Nichols, (BO); Mike Matusik, (Proj. Mgmt.); Ernie Hiatt, Jean Holderried, Cheryl Maletich (Asset Mgmt.), John Frantz (Gas)
Approver(s)	Michael Beckstead, EED Finance VP
Reason Written	Brief description explaining why the procedure was written or revised.

Revision 1	**Date 05/14/2004**
Writer	Tom Luke (Operations)
Review(s)	All PARC & PRC members, Gary Rehor & Darren Zurawski (Accounting); Dave Nichols, Katie Houtsma & Carmelina Stoklosa (BO); Kathy Walters (IT); Mike Matusik (Proj. Mgmt.); Jean Holderried (Asset Management)
Approver(s)	Michael Beckstead, EED Finance VP
Reason Revised	Organizational changes (EED VP Engineering), update of ECAP Process, addition of IT PRC, and minor editorial changes

Revision 2	**Date 03/01/2005**
Writer	Tom Luke (Finance)

Revision 2	**Date 03/01/2005**
Review(s)	Rob Dvorak (BO), Jean Holderried (AIS&D), Mike Matusik (P&CM), Ed Millon (CRC), Category Forum Owners
Approver(s)	Duane DesParte, EED Finance VP
Reason Revised	Sarbox issues, Organizational changes, and minor update

Revision 3	**Date 03/01/2007**
Writer	Tom Luke (Finance)
Review(s)	Applicable FAMs
Approver(s)	Tom Maki, EED Finance Director
Reason Revised	Rewrite for Organization and A7 Changes

Revision 4	**Date 06/09/2010**
Writer	Joshua Partner (PECO Finance)
Review(s)	Christine Torres (ComEd Finance); Mike Heisler (PECO Finance); TBD (BGE Finance)
Approver(s)	Scott Vogt (ComEd Dir Financial Planning & Analysis); Ann Kelly (PECO Director Finance); TBD (BGE Director Finance)
Reason Revised	Added sections 2.2.9 & 6.6.3 to include re-authorization definition and assessment process. Migrated previous version of the procedure to the most current approved template.

Revision 5	**Date 02/11/2011**
Writer	Joshua Partner (PECO Finance); Leanne Zid (ComEd Finance)

Revision 5	Date 02/11/2011
Review(s)	Christine Torres (ComEd Finance); Mike Heisler (PECO Finance); Joe DiDonato (PECO Investment Strategy); Brian Camfield (PECO Project Management); Dave Stoppelman (ComEd Project Management); Dave Pipal (ComEd Investment Strategy), John Wolfram, (ComEd I/T)
Approver(s)	Christ Siambekos (ComEd Director Finance); Mike Heisler (PECO Manager Finance)
Reason Revised	Rewrite for Organizational and WPT changes.

Revision 6	Date 03/28/2014
Writer	Joshua Partner (PECO Finance); Chad Pedersen (ComEd Finance); Karen Glass (BGE Finance)
Review(s)	Laura Murphy (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance)
Approver(s)	Laura Murphy (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance)
Reason Revised	Scheduled cycle update (3-years). Key changes: document number changed from FI-ED-2001 to FI-EU-2001; incorporates BGE into the policy and updates language resulting from PECO Vendor RCI and Gas New Business ACE

Revision 7	Date 01/30/2015
Writer	Joshua Partner (PECO Finance); Stephanie Ho (ComEd Finance); Karen Glass (BGE Finance)
Review(s)	Mike Vinson (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance); Jackie Golden (Exelon Utilities)
Approver(s)	Mike Vinson (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance)

Revision 7	**Date 01/30/2015**
Reason Revised	Added definition of “quorum” to sections 5.5.5 and 5.6.4 for PRC & PARC. Added Corporate Approval Template to Attachment 4. Included PRC & PARC Memberships in Attachments 5 & 6.

Revision 8	**Date 10/1/2015**
Writer	Vien Wong (PECO Finance); Stephanie Ho (ComEd Finance); Karen Glass (BGE Finance)
Review(s)	Mike Vinson (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance); Jackie Golden (Exelon Utilities); Bruce Fluehr (Exelon Utilities) ; Ken Keller (Exelon)
Approver(s)	Mike Vinson (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance) ; Jackie Golden (Exelon Utilities); Bruce Fluehr (Exelon Utilities)
Reason Revised	Modified 3 phase authorization process due to the EU PM Imitative.

Revision 9	**Date 9/13/2017**
Writer	Scott Yuh (PECO Finance); Franklin Amartey (ComEd Finance); Chris Czajkowski (BGE Finance); Cris Shimko (PHI Finance); Darren Ferguson (EU Finance)
Review(s)	Erica Van Heerden (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance); Karen Glass (PHI Finance); Jackie Golden (Exelon Utilities); Wendy LeNoir (EU Finance); Ken Keller (Exelon)
Approver(s)	Erica Van Heerden (ComEd Finance); Mike Heisler (PECO Finance); Georgann Fuhrman (BGE Finance); Karen Glass (PHI Finance); Jackie Golden (Exelon Utilities); Christen Kohajda (EU Finance)
Reason Revised	Added in requirements for Multi-OpCo Process; incorporated PHI; added in SPI/CPI and Project Status Reporting for projects >$25M

Utility Capital Authorization Process

Exelon Utilities Administrative Procedure

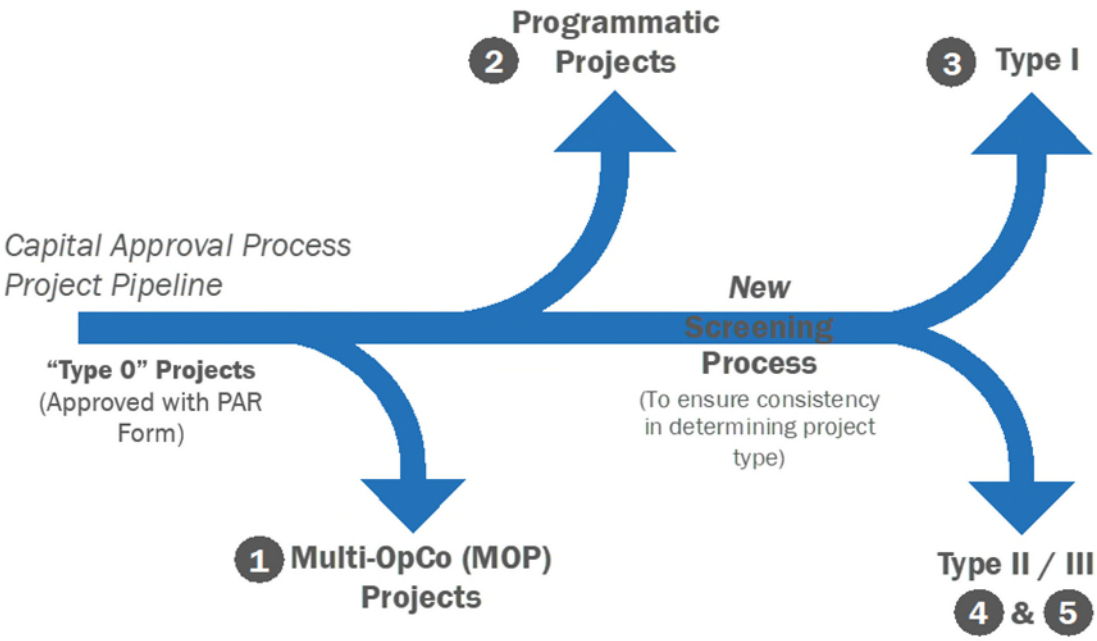
FI-EU-2001

Revision No.: 11

Revision 10	**Date 12/11/2019**
Writer	Scott Yuh (PECO Finance); Brian Derby (PECO Finance); Hareet Kaikini (ComEd Finance); David Pipal (ComEd Investment Strategy); Chris Czajkowski (BGE Finance); Cris Shimko (PHI Finance); Diana VanDegrift (EU Finance)
Review(s)	Max Leichtman (Investment Strategy); Poorvi Gaudio (Investment Strategy); Joe D'Antonio (ComEd Finance); Tammy Jamison (PECO Finance); Katy Long (BGE Finance); Christen Kohajda (PHI Finance); Lin Yao (Corporate Planning); Andy Hamari (Corporate Planning)
Approver(s)	Joe D'Antonio (ComEd Finance); John Curran (PECO Finance); Katy Long (BGE Finance); Christen Kohajda (PHI Finance)
Reason Revised	Update for capital approval process changes

Revision 11	**Date 1/20/2021**
Writer	Scott Yuh (PECO Finance); Hareet Kaikini (ComEd Finance);Chris Widmayer (ComEd Finance); Chris Czajkowski (BGE Finance); Cris Shimko (PHI Finance); Lauren Buoscio (EU Finance)
Review(s)	Joe D'Antonio (ComEd Finance); John Curran (PECO Finance); Katy Long (BGE Finance); Christen Kohajda (PHI Finance)
Approver(s)	Joe D'Antonio (ComEd Finance); John Curran (PECO Finance); Katy Long (BGE Finance); Christen Kohajda (PHI Finance)
Reason Revised	Update for capital approval process changes

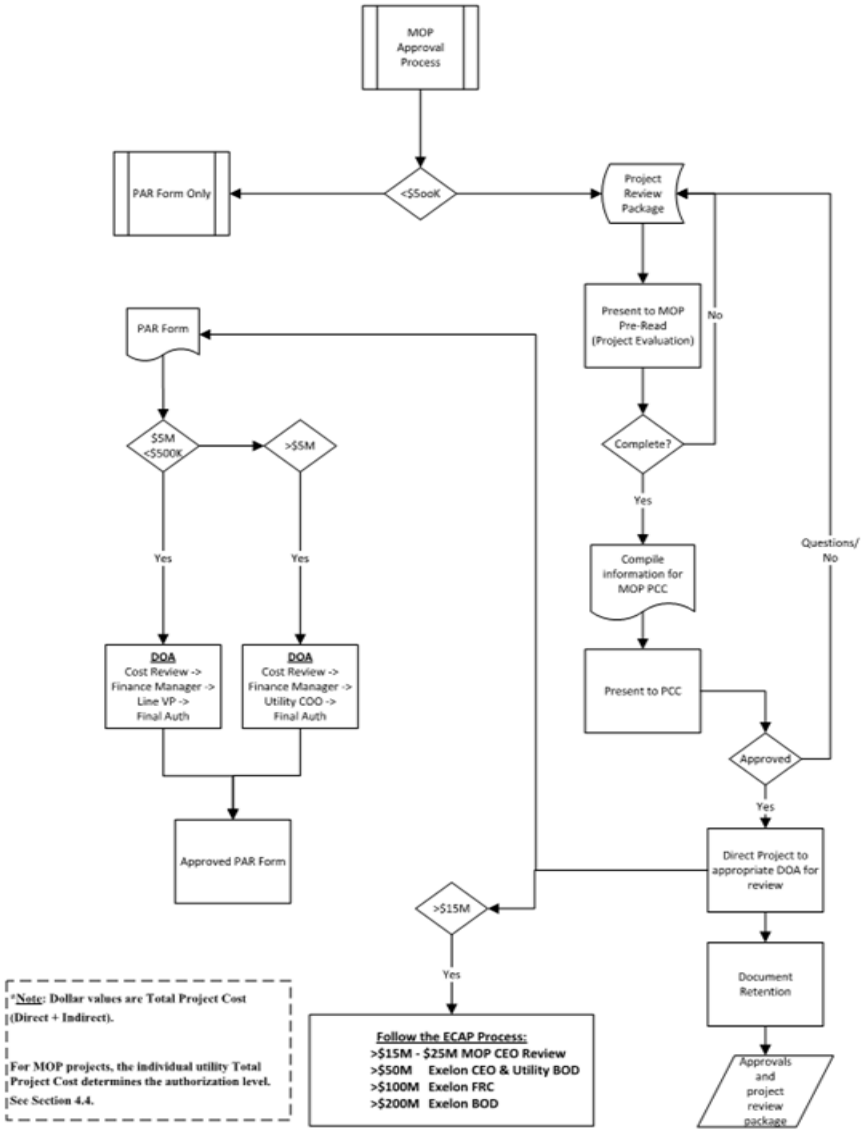
Attachment 1a - Project Authorization Process Flow



Attachment 1b – MOP Project Authorization Process Flow

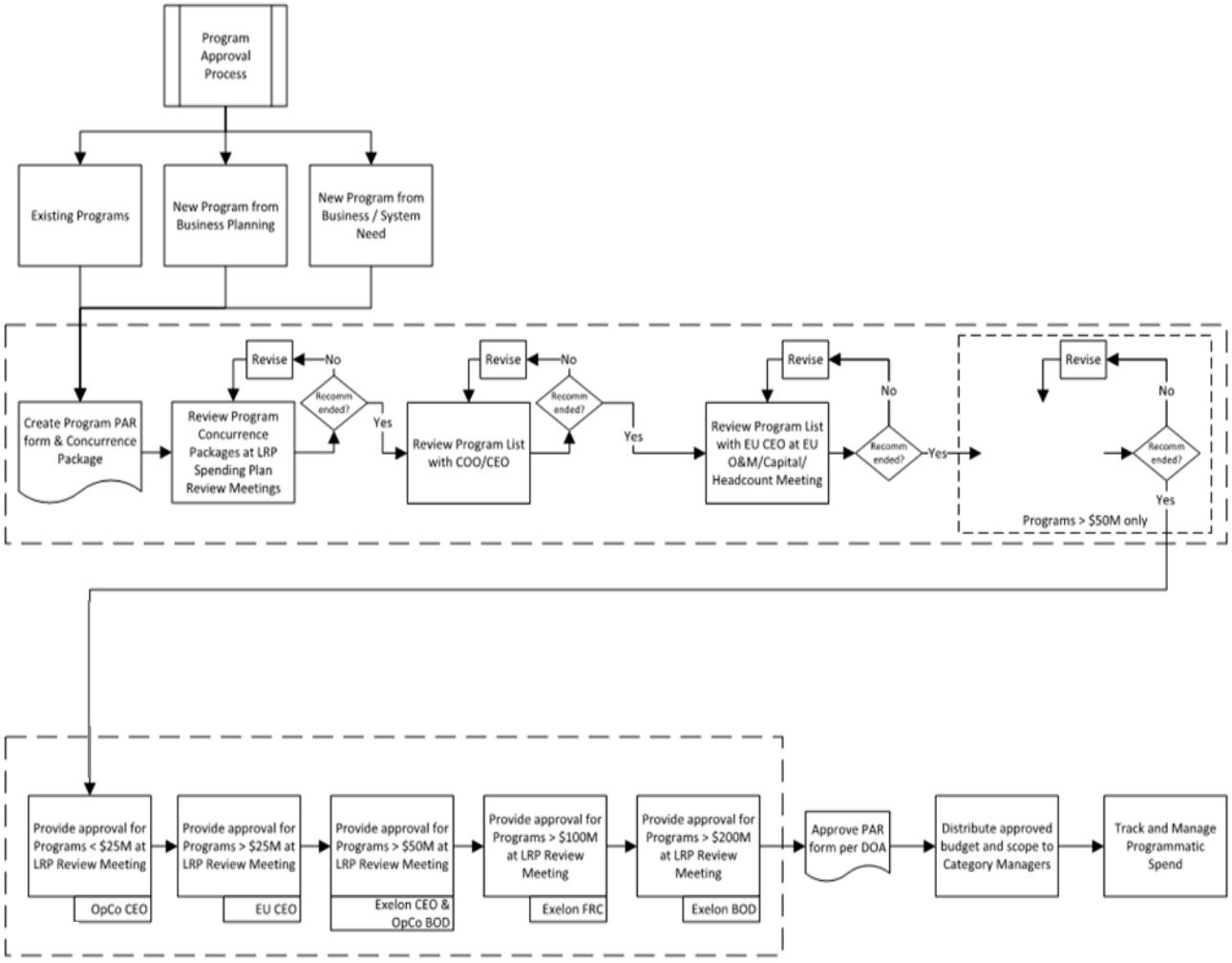
Note: The $500K PAR form threshold below applies to IT MOP projects. Non-IT MOP projects have a PAR form threshold of $1.5M.

Note: For projects with direct spend that exceeds $500K a PAC form is required as a condition of PAR form and is included as part of the Project Review documentation where applicable



Attachment 1c – Program Authorization Process Flow

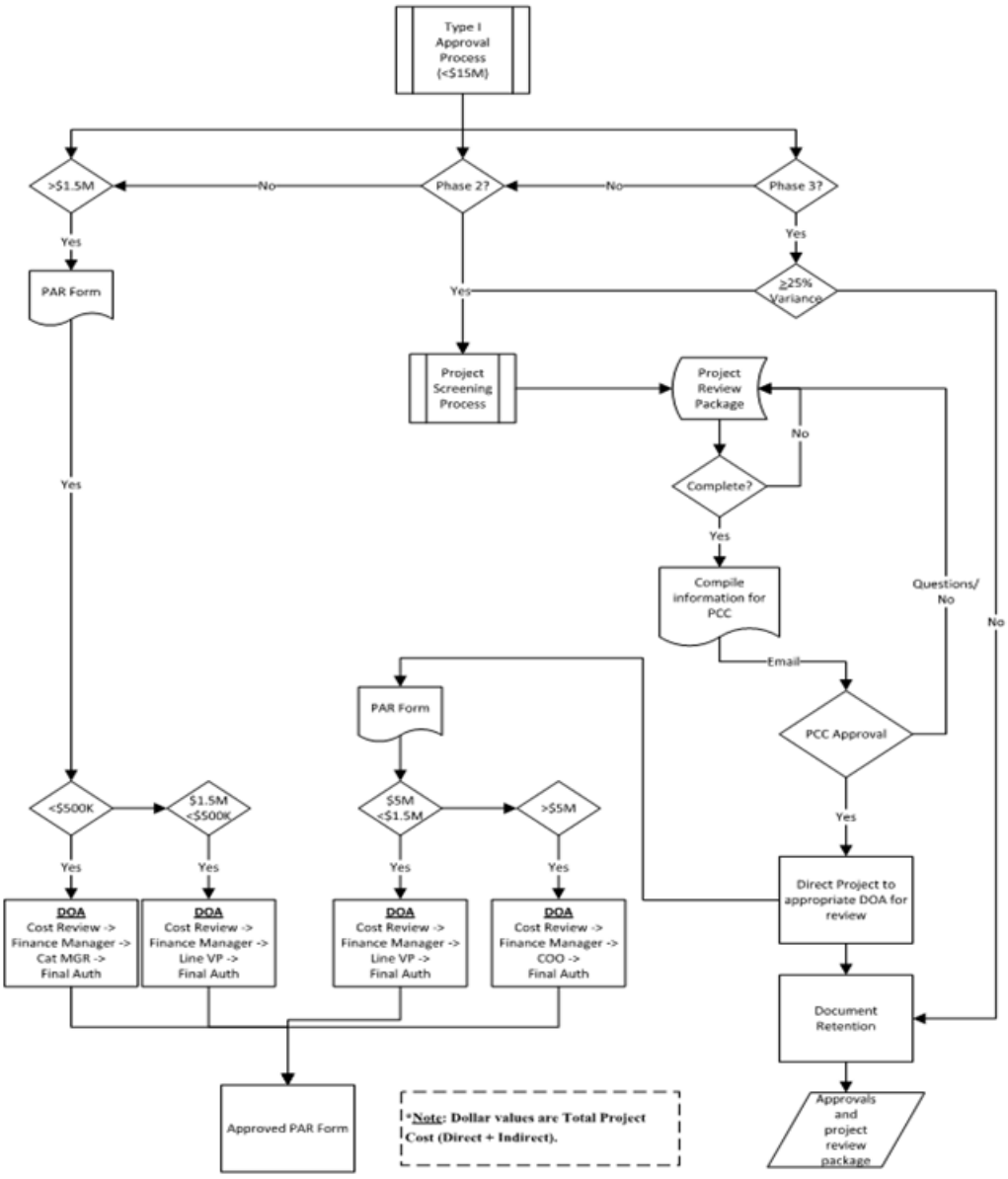
Note: For Programs with direct spend that exceeds $500K a PAC form is required as a condition of Program PAR form



Attachment 1d – Type 1 Project Authorization Process Flow

Refer to Attachment 1a for overview and screening step.

Note: For projects with direct spend that exceeds $500K a PAC form is required as a condition of PAR form and is included as part of the Project Review documentation where applicable

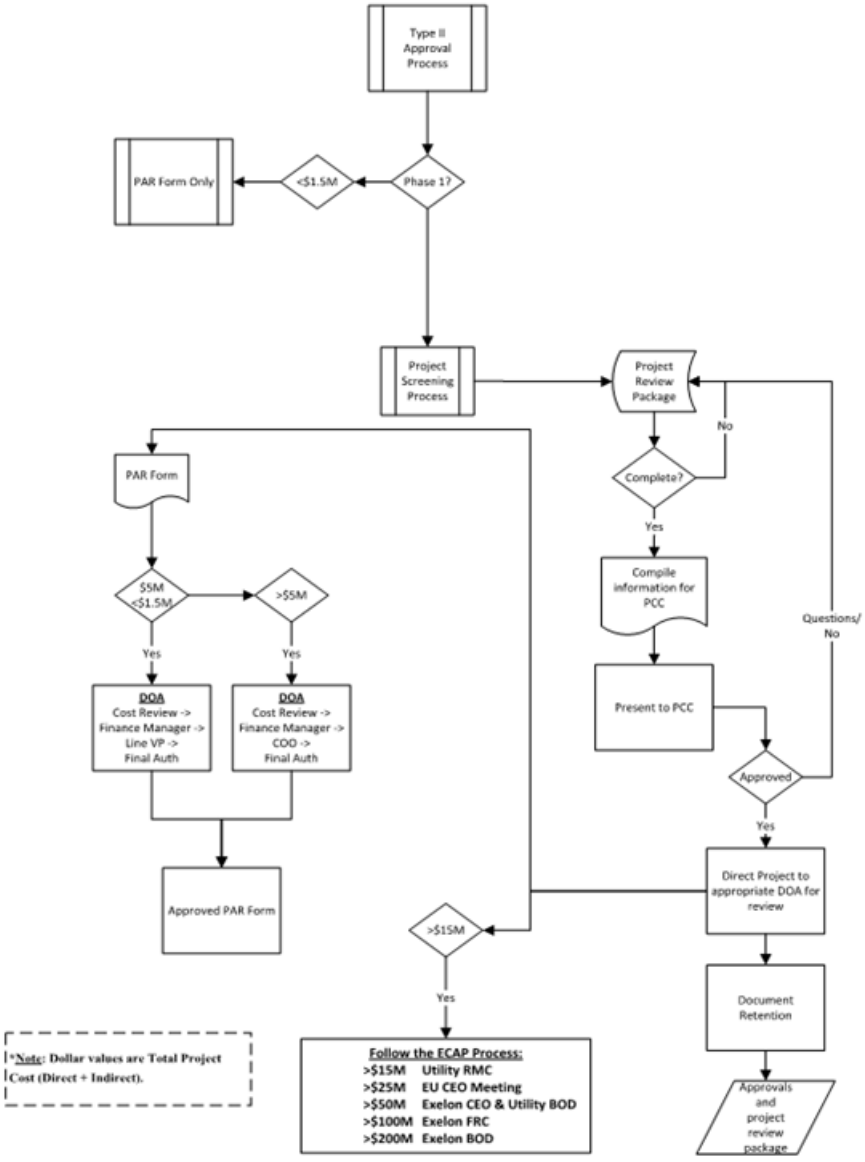


Attachment 1e – Type II Project Authorization Process Flow

Refer to Attachment 1a for overview and screening step.

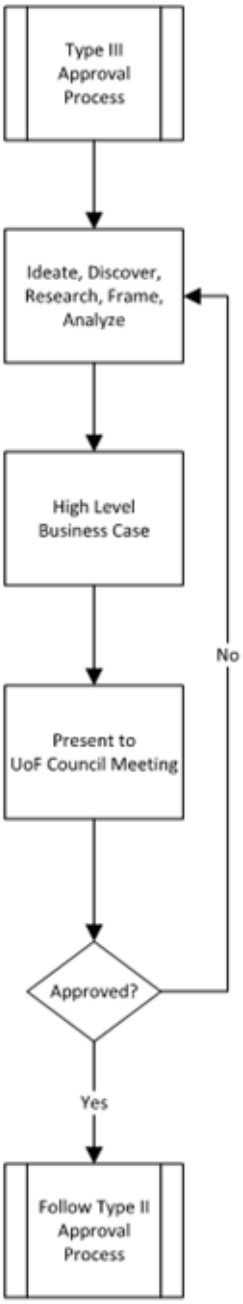
Note: The $1.5M PAR form threshold below applies to Non-IT projects. IT projects have a PAR form threshold of $0.5M.

Note: For projects with direct spend that exceeds $500K a PAC form is required as a condition of PAR form and is included as part of the Project Review documentation where applicable



Attachment 1f – Type III Project Authorization Process Flow

Refer to Attachment 1a for overview and screening step.



Attachment 2 – Programmatic Project Criteria

Proposed Programmatic Project Criteria

The following criteria determine whether a project associated with a program is eligible for programmatic treatment:

"Programmatic" Grading Criteria	Description
1. Program Approved	The project is associated with a program that was approved in latest Budget, LRP or LE.
2. Cost Threshold	The cost of the specific project is not more than $5 million*, unless it is filed with, or reviewed and approved by, the PUC, in which case the threshold is $15 million.
3. Environmental Impact Risk	Project does not have the potential for significant environmental impacts or risks.
4. Public Visibility	Project does not have high risk of public affairs concerns (e.g., eminent domain)
5. Complex Permitting or External Authorizations	Project does not require complex, hard to obtain permits or external authorizations.
6. Project Duration	Project duration from initiation to completion is less than 24 months.
7. Potential Impact to Critical Customers	No High Risk Evolution form required to identify and describe potential impacts to critical customers.

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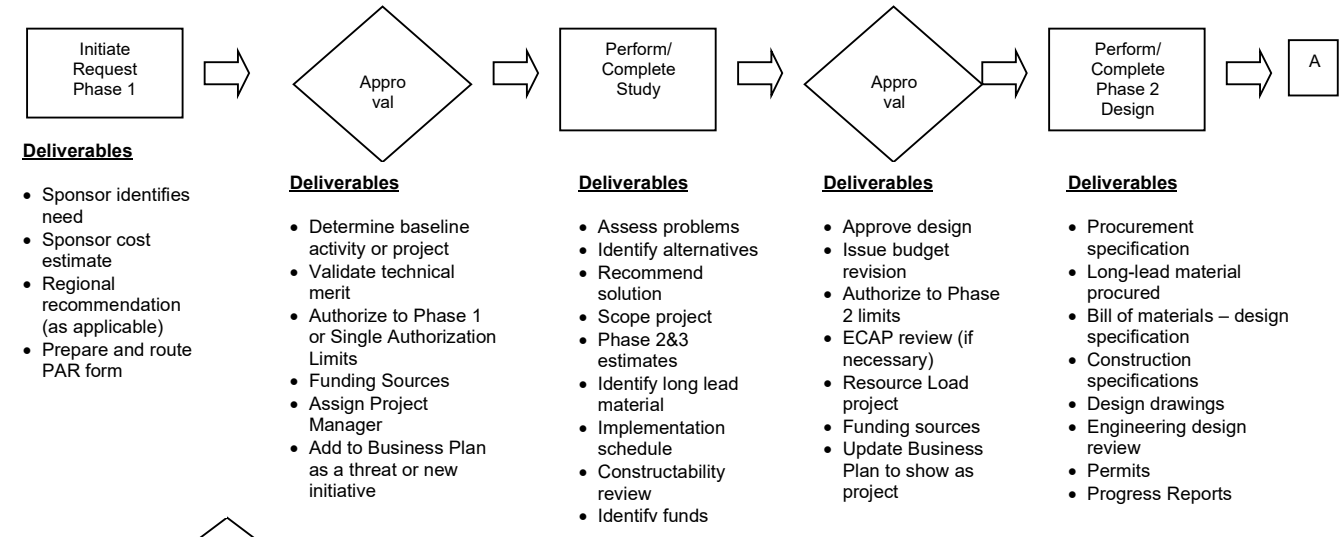
Attachment 3 - Three Phase Authorization Process Flow



Attachment 4 - Project Authorization Limits

Project Authorization Limits									
Project Cost (Direct + Indirect)	Category Manager	Department Vice President	COO / PCC Chair	Utility President / CEO (1)	Exelon Utility CEO	Exelon CEO (1)	Utility BOD	Exelon Finance Risk Committee (FRC)	Exelon BOD
≤ $500K	Authorize								
≥ $500K to $5M		Authorize							
≥ $5M to $15M			Authorize						
≥ $15M to $25M			Recommend	Authorize					
≥ $25M to $50M			Recommend	Recommend	Authorize				
≥ $50M to $100M (2)			Recommend	Recommend	Recommend	Authorize	Authorize		
≥ $100M to $200M			Recommend	Recommend	Recommend	Recommend	Recommend	Authorize	
≥ $200M			Recommend	Recommend	Recommend	Recommend	Recommend	Recommend	Authorize

(1) RMC is generally the forum for Utility President/CEO and Exelon CEO Authorization
(2) Project costs between $50M to $100M will require both Exelon CEO and Utility BOD authorization

Attachment 5 – Presentation Templates

Note: Templates are subject to change at any time based on business need. ***Contact Finance or Investment Strategy for the most current version for your specific OpCo Project Authorization Template. Contact EU Finance for the most current version of the MOP Authorization Template.***

Attachment 6 – Project Status Report Guidelines

1. **INTRODUCTION**

1.1. To ensure timely oversight, quality control, and execution in a disciplined, well-managed, and consistent manner, each Company must report quarterly to Utility Project Evaluation-Finance on the status of each open project greater than $25 million. Forecasted major cost, scope, or schedule variances shall be addressed. Project NPV is updated, if applicable. Project safety performance is also reported. ***Contact Utility Project Evaluation-Finance for the most current version for your specific OpCo Project Status Report Template.***

2. **PROJECT STATUS REPORTING PROCESS**

2.1. Following project approval, the Company must report quarterly to Utility Project Evaluation-Finance on the status of each open project greater than $25 million until the project has been completed or to the point where there are no longer material risks associated with the project.

2.2. The Project Manager is responsible for monitoring the progress of the project. Project cost, schedule and economic assessment (i.e. Net Present Value and Project Benefits) are updated with current information, as applicable. The following attachments are provided to assist the Project Manager in completing the project status report:

- Attachment 7: Cost Performance Index / Schedule Performance Index Overview
- Attachment 8: Project Status Report Performance Metrics and Criteria
- See also PE-AC-12 Exelon Capital Control Process

2.3. The Project Status Report shall cover the following areas:

- Project name.
- Project approval date.
- An objective assessment of project cost based on standard project metrics and criteria defined in Attachments 7 and 8. The following will be included in the project status report:
  - Approved spend and the forecasted spend
  - The percentage change in forecasted spend compared to the approved spend amount. The percentage change will reflect the appropriate color indicator based on the criteria provided in Attachment 8, Project Status Report Performance Metrics and Criteria.
  - The spend to date.
  - The Cost Performance Index (CPI) indicator based on criteria provided in Attachment 8, Project Status Report Performance Metrics and Criteria. Note that CPI will typically be “N/A” for projects that have turn-key fixed price EPC contracts.

- A quantification of the projected variances between the projects projected total benefits and the corresponding amounts in the approved Business Case, if applicable (i.e. project benefits are defined as the quantifiable benefits included in the business case model used in the calculation of the Net Present Value of the project). See Attachment 8, Project Status Report Performance Metrics and Criteria. Also refer to PE-AC-12, Exelon Capital Control Process.

- A comparison of the approved NPV and updated NPV (including and excluding sunk costs), if applicable.

- An objective assessment of project schedule based on standard project metrics and criteria defined in Attachments 7 and 8. The following will be included in the project status report:
  - Provide the planned online date and the projected online date
  - Assess the status of project major milestones and determine the appropriate color indicator. See Attachment 8, Project Status Report Performance Metrics and Criteria
  - Determine the Schedule Performance Indicator (SPI) based on the criteria provided in Attachment 8, Project Status Report Performance Metrics and Criteria. Note that SPI will typically be “N/A” for projects that have turn-key fixed price EPC contracts.
  - The Schedule Performance Indicator to be provided on the Report Output template will be based on the lower performance measure between the major milestones and SPI.

- An objective assessment of project safety based on standard project metrics and criteria defined in Attachment 8.

- The comment section must address any yellow or red indicators and include a summary of the latest project developments and any outstanding issues that could materially impact the project. The comment section should include a summary of the proposed actions to mitigate or offset the items / issues noted.

2.4. Projects should remain on the Project Status Report until they are effectively closed out (i.e. closed or no risk to final cost or schedule), after which time they will remain on the report for one more quarter marked “Complete”.

Attachment 7 – Cost Performance Index/Schedule Performance Index Overview

The Cost Performance Index (CPI) and Schedule Performance Index (SPI) are outcomes of Earned Value Management (EVM), which is a technique for measuring the progress of a project by looking at its scope, schedule, and cost in an integrated manner.

EVM measures the project effectiveness in terms of execution. EVM tracks the amount of work that has been completed and its associated costs, as well as the amount of work yet to be completed and its associated costs. EVM accuracy is dependent upon the quality of the input variables and the quality of the plan being measured against (For projects with major requirements uncertainty or technical uncertainty, the quality of early plans will likely be poor). To determine earned value and cost and schedule analysis you need to have an established project plan and know at distinct points of time the project total value, completion percentage, the amount of work that should have been completed, and the amount spent.

To better understand earned value and cost analysis, one can look at the components and formulas within the context of home building project example.

Example: The value of the project $100,000 (BAC)

As of end of day today (specific point in time):

- The house is 40% completed, thus $40,000 in work is done so far (EV)
- The amount of work that should have been completed is $60,000 (PV)
- The amount that has been spent is $80,000 (AC)

Component	Full Name	Definition	Calculation/Amount
PV	Planned Value (AKA BCWS)	The value of work that should have been completed at a specific point in time, excluding any work started ahead of schedule.	Total the value of each project activity scheduled for completion at a specific point in time: **$60,000**
EV	Earned Value (AKA BCWP)	A measurement of the progress of a project and the basis for cost analysis, including any work started ahead of schedule.	BAC or Plan Value multiplied by percentage complete **Say 40%: $40,000.**
AC	Actual Costs (AKA ACWP)	The cost of the work that has been completed at a specific point in time, including any work stated ahead of schedule.	Total all the project costs at a specific point: **$80,000**
BAC	Budget At Completion	The amount you expect the project to cost	Total the costs of each project activity without regard to completion status: **$100,000**

SPI / CPI Analysis – (all calculations are based on the above example – "Home Building Project")

Schedule analysis is comparing the amount of work completed versus the work that should have been done. Using the (PV) and earned value (EV), you can now determine the SPI, and Schedule Variance (SV).

SPI Analysis:

Index / Variance	Formula / Result	Result Interpretation
Schedule performance Index SPI	EV/PV $40,000 / $60,000 = .67 Other formulas worth mentioning: PV x SPI = EV Or EV/SPI = PV	An efficiency indicator that denotes the amount of work done at a single point in time. • If the result is 1.0 the amount of work done on the project at a single point is on track. • If the result is greater than 1.0, the amount of work done on the project at a single point in time is **better than expected.** (Note that being significantly ahead of schedule may cause other downstream issues that may need to be addressed) • If the result is less than 1.0 the amount of work done on the project **is less than expected.** In this case, the result is .67; **therefore only 67% of the work was scheduled to be done has been done.**
Schedule Variance (SV)	EV-PV $40,000-$60,000 = -$20,000 Other formulas worth mentioning: PV + SV = EV Or EV-SV = EV	A variance indicator that denotes the difference between the value of work completed and the value of work completed and the value of the work that should have been completed. • If the result is 0, the project is **on track** • If the result is greater than the 0 the project is **ahead of schedule** (Note that being significantly ahead of schedule may cause other downstream issues that may need to be addressed) • If the result is less than 0, the project is behind schedule **In this case, the result is less than 0; therefore, the project is behind schedule by $20,000.**

Cost analysis at its most basic is determining the progress in terms of the amount of work completed (EV) versus what was paid to get the work done (AC). Using the budget at completion, planned value, actual cost, and earned value; we can now determine the CPI, Cost Variance, and To-Complete Performance (TCPI).

CPI Analysis:

Index / Variance	Formula / Result	Result Interpretation
Cost Performance Index (CPI)	EV / AC $40,000 / $80,000 = .50 Other formulas worth mentioning: AC x CPI = EV Or EV/CPI = AC	An efficiency indicator that denotes the return on each dollar spent at a single point in time. • If the result is 1.0; the return on the project at a single point is on track. • If the result is greater than 1.0; the return on the project at a single point in time is **under budget.** • If the result is less than 1.0; the return on the project at a single point in time is **over budget.** **A CPI of .50 means that the project is getting 50 cents, or every dollar spent.**
Cost Variance	EV-AC $40,000 - $80,000 = -$40,000 Other formulas worth mentioning: AC + CV = EV Or EV – CV = AC	A variance indicator that denotes the difference between the value of the work completed and cost of the work completed. • If the result is zero, the project is **on track** • If the result is greater than 0, the project is **under budget**. • If the result is less than 0, the project is **over budget.** **In this case the result is less than 0; therefore, the project is over budget by $40,000.**

Attachment 8 – Project Status Report Performance Metrics and Criteria

	Cost PIs		Schedule PIs		Safety	NPV PIs
	Cumulative CPI	Project Forecast	Cumulative SPI	Major Milestones*	OSHAs	NPV Status
Green	CPI >= 0.9 and CPI <= 1.2	>=75% Authorized and <= 105% Authorized	SPI >= 0.9 and SPI <= 1.2	0 Milestones missed in previous 3 months AND all previous milestones missed are on-track	0 OSHA events in the project lifecycle	Status is Green unless: 1. NPV (including sunk costs) < $0; or 2. NPV
Yellow	0.80<= CPI < 0.9 or 1.2 < CPI	>105% Authorized and <=110% Authorized OR <75% Authorized	0.80<= SPI <0 .9 or 1.2<SPI	1 Milestone Missed In previous 3 months OR previous milestones missed are off recovery plan	1 OSHA in the project lifecycle	NPV (including sunk costs) < $0
Red	CPI < 0.80	> 110% Authorized (reauthorization required)	SPI < 0.80	>= 2 Milestones missed in previous 3 months	>1 OSHA in the project lifecycle	NPV (excluding sunk costs) < $0 (reauthorization required)

Cumulative Cost Performance Index (CPI)

This is the Project-to-Date CPI. It is calculated by establishing the Earned Value of the project to date divided by the Actual Cost incurred to date:

CPI = Earned Value/Actual Cost

Earned Value (EV) = The value of work performed expressed in terms of the approved budget assigned to that work for a schedule activity or work breakdown structure component. Also referred to as the budgeted cost of work performed (BCWP). Earned Value determination only considers activities that have a budgeted value and what portion of that budget has been realized project to date (expressed as a cumulative value).

Actual Cost (AC) = The total cost that the project has incurred to date. Also referred to as the actual cost of the work performed (ACWP). It is independent of the invoiced amount.

Note:
A CPI value of less than one means that the project is costing more plan planned. A CPI of one means that the project is spending exactly what was planned. A value greater than one means that the project is spending more efficiently than was planned.

Cumulative Schedule Performance Index (SPI)

This is the Project-to-Date SPI. It is calculated by establishing the Earned Value of the project to date divided by the Planned Value:

SPI = Earned Value/Planned Value

Earned Value (EV) = The value of work performed expressed in terms of the approved budget assigned to that work for a schedule activity or work breakdown structure component. Also referred to as the budgeted cost of work performed (BCWP). Earned Value determination only considers activities that have a budgeted value and what portion of that budget has been realized project to date (expressed as a cumulative value).

Planned Value (PV) = The estimated value of the work to be completed by your project within a specific time period. Also referred to as the budgeted cost of work scheduled (BCWS). It is derived from the Planned % Complete times the Budget at Completion.

Note:
A SPI value of less than one means that the project is behind schedule. A SPI of one means that the project is exactly where it was planned. A value greater than one means that the project may be completed early.

Major Milestones

These are the major milestones (events and dates) established by the project at the project authorization phase. Many of these will be standard such as Contracts issued, Design issued, Work Packages Complete, etc.

Attachment 9 – OpCo PCC and MOP PCC Membership

Area	BGE	ComEd	PECO	PHI
Voting Members				
COO (Chair)	X	X	X	X
CFO (Vice Chair)	X	X	X	X
VP, Electric Operations	X	X	X	X
VP, Gas Operations	X		X	X
VP, Transmission & Substation	X	X	X	X
VP, Customer Operations	X	X	X	X
VP, Technical Services	X	X	X	X
Director, OpCo Risk	X	X	X	X
VP, Regulatory or General Counsel	X	X	X	X
VP, GRAPP	X	X	X	X
Accounting Director	X	X	X	X
IT VP - MOP PCC IT projects only	X	X	X	X

Note 1: Delegates may be used, subject to the approval of Investment Strategy for single utility projects and EU Finance for MOP projects.

Note 2: In emergency situations, the PCC Chair or Vice Chair is permitted to approve as prescribed in Section 4.10.

Attachment 10 – Reauthorization Summary

Project Type	Reauthorization Scenario	Reauthorization Requirements
Type 0	If total (direct + indirect) costs do not exceed $1.5M ($0.5M IT) but the project exceeds reauthorization limits of what was approved at Phase 1...	Only a new PAR Form approval is needed
	If total costs exceed $1.5M ($0.5M IT) at anytime, but remain within +/- 10%...	No further approvals needed
	If total costs exceed $1.5M ($0.5M IT), and exceed +/- 10% and $100k...	The project is sent to the Screening Process, reviewed by the PCC and sent to DOA for approval
Programmatic Projects	If project exceeds allocated amount, but is below $5M	Additional budget is allocated per existing processes, but no additional approval required
	If project exceeds $5M programmatic project criteria threshold...	The project is sent to the Screening Process, reviewed by the PCC and sent to DOA for approval
Type I	If overspend of 10% and $100k at Phase 2...	New PAR Form, and follow new process for Type I projects (screening –> PCC review)
	If overspend of 10% and $100k at Phase 3...	A new PAR Form is required, and the project must complete the appropriate reforecasting activities at Phase 3 • Between 10% and 25% - inform only to PCC with explanation of variance • Over 25% - presentation to PCC with explanation of variance and lessons learned
Type II / III	If overspend of 10% and $100k at any individual phase...	New PAR Form, and follow new process for Type II projects (i.e., no change from current state)

Attachment 11 – Screening Checklist

PROJECT SCREENING AND GRADING QUESTIONNAIRE

Project ITN: **Project ITN Name:**	**Recommended Grade:** (Circle One) Type I Type II
Primary Project Point of Contact:	Name: Contact Number:
Have all required prerequisites to entering the screening process been fully completed? (See below) • A clear scope of work for the project - i.e., what specific work will be performed? • The expected benefits of project - i.e., why is this specific work being proposed? What is the resulting improvement? – have been clearly identified • Alternative approaches to the proposed project - i.e., what options were considered to the recommended project? – were reviewed with accountable persons • All implementation-related O&M costs been included in the estimated costs (e.g., training) • Confirmed that the OpCo has acceptable experience with this type of work within the last 5 years _____ Initials _____ Name	
Estimated Total Project Cost and Duration: $ _____ Total Project Cost (direct & indirect) (amount in thousands of dollars) Is project cost included in the LRP? YES NO Have implementation-related O&M costs been included in the total estimated cost? YES NO If not, have offsets been identified? YES NO **Expected In-service Date:** _____ If the in-service date is more than 24 months away, please identify the primary driver of the length of the project?	**Confidence in Estimate:** ☐ High (+/- 10% variance expected) ☐ Medium (+/- 10% to +/- 25% variance expected) ☐ Low (greater than +/- 25% variance expected) **Which OpCos are impacted by this project?** (Circle all that are impacted) BGE. ComEd PECO PHI
Does the OpCo have experience with similar work? Please confirm that the OpCo has acceptable experience with similar work. (Check if statement is true.) ☐ OpCo has successfully performed similar work in the past 5 years	**Is this an IT project?** YES NO

1

PROJECT SCREENING AND GRADING QUESTIONNAIRE

☐ OpCo has the required skills available to perform the work (in-house or under contract) ☐ Project does not include use or installation of new technology or equipment	**Does this project have the potential to have significant environmental impacts?** (If answer "yes," please describe.) YES NO
Does the project have a high risk of public affairs concerns - i.e., higher than usual? (If answer "yes," please describe.) YES NO	**Does the project require hard-to-obtain permits or external authorizations - e.g., PUC / CPCN certifications, etc.?** (If answer "yes." please describe.) YES NO
Does the project meet any of the criteria for requiring a High-Risk Evolution form - i.e., the project has the potential to impact critical customers? (If answer "yes," please identify the critical customers who could be impacted and describe the potential risks.) YES NO Customer(s) Impacted: _____ Potential Impact: _____	
Project Grade Recommended by OpCo Screener: (Circle One) Type I Type II **Comments:**	**Final Project Grade Confirmed by Cross-functional Screening Group:** (Circle One) Type I Type II **Comments:**

2

Attachment 12 – Fact Sheet

RESTRICTED DOCUMENT. DO NOT FORWARD.
THIS REPORT CONTAINS NON-PUBLIC TRANSMISSION INFORMATION THAT YOU ARE PROHIBITED BY FEDERAL LAW FROM DISCLOSING TO EXELON MARKETING AFFILIATE PERSONNEL SUCH AS EXELON CONSTELLATION EMPLOYEES AND CONTRACTORS. DO NOT FORWARD THIS DOCUMENT TO ANYONE OR CIRCULATE PAPER COPIES OF IT WITHOUT CONFIRMING IT DOES NOT VIOLATE SOC REGULATIONS.

Fact Sheet

Title	Increase Rating of xxxxx 69kV line xxxx	
Fact Sheet Date	3/3/2016	
PD Number	xxxxxxxx	
Budget Years	2016-2018	
Completion Date	12/31/xxxx	
Order of Magnitude Cost Estimate	$723,000	
Location	PECO	Region: Phila
Proponent	Transmission Planning	
Planning Engineer	xx	Phone: 215-841-4727

A. Present System Conditions:

The xxx line (xxxx) is located in Philadelphia County. The line is comprised of 1.04 miles of aerial conductor and 1.25 miles of underground conductor. The predominant flow on this line is from Holmesburg to Tacony. Both Holmesburg and Tacony substations are located in Northeast Philadelphia, approximately 8 miles northeast of Center City Philadelphia.

B. Future System Conditions:

In 2007, PECO, as part of Exelon, developed a new rating methodology for transmission system equipment. At that time, the decision was made to re-rate the main transmission facilities (including the 69kV facilities). When the new methodology was applied, the ratings were reduced for a number of facilities on the PECO system. To study the reliability impact of the reduced ratings on the 69kV system, a load flow analysis was conducted in 2014-2015 using a 2015 summer peak case and 2015 spring case.

In the summer case, the xxxx line is overloaded to 131.7% of its normal rating with the outage of the xxxx line. There are no operational steps available to mitigate this overload.

This analysis indicates that when the new rating methodology is implemented, the xxxx line would be in violation of the PECO Transmission Planning Criteria. Reinforcement would be required to increase its summer normal rating.

1

C. Need Reinforcement:

The proposed solution is to increase the summer normal rating of the xxx line and all series components to a minimum of xxxA. It is desired to have 3% of separation in MVA between the 4 Hour Emergency ratings and the 15 Minute Emergency ratings at all temperature sets for both Day and Night ratings in order to meet the requirement set by PJM Operations in 2015.

According to the Facility Rating Sheet, the rating can be increased above the required minimum by replacing the aerial sections of 4/0 copper conductors, however further detailed analysis would be required by the project team to confirm this assumption.

D. Assumptions Used:

PECO's analysis was performed using a 2015 summer peak case and a 2015 spring case. In the summer peak case, the system was tested for contingencies involving any one element or any one circuit breaker opening. For the spring case, the system was tested for contingencies involving any one element, bus section, or circuit breaker opening, and for contingencies involving any one element followed by any one element.

E. Benefits

Quantitative:

1.
2.

Qualitative:

3.
4.

F. Risks & Mitigation measures

1.

G: Alternatives:

Alternatives considered were as follows:

- Rebuild entire aerial portion of the line and upgrade terminal equipment to obtain a higher rating than required. (Est. $xxxM)

This alternative was not pursued due to the cost and lead time required.

Attachment 13 – Project Authorization Matrix

Non IT Project Types	Cost Criteria	Risk Criteria	Screening Process	Authorization Scenerio	Authorization Requirements		
					Forms		PCC Presentation
Type 0	Direct costs > $100K and < $1.5M total costs (direct + indirect)	Very Low risk work	Not requried	Approved by Category Manager/Line Department VP	PAC Form required (Direct Costs >$500K)	PAR Form required	Not requried
Type I	Total costs (direct + indirect) >$1.5M	Low-risk work, history of success <$15M (Screening Checklist)	Requried	Approved at Utility PCC in list form	PAC Form required	PAR Form required	Not requried
Type II	Total costs (direct + indirect) >$1.5M	More complex or >$15M (Screening Checklist)	Required	Presented for approval at Utility PCC	PAC Form required	PAR Form required	Required
Type III	Total costs (direct + indirect) >$1.5M	Resulting from Utility of Future process (Screening Checklist)	Required	Presented for approval at Utility PCC	PAC Form required	PAR Form required	Required
MOP	OpCos Total costs (direct + indirect) >$1.5M	Involve at least 2 Utilties	Not requried (automatically Type II)	Presented for approval at MOP PCC	PAC Form required	PAR Form required	Required
Programattic	Direct costs > $100K	High volume, core to utility business	Required (Programattic Screening)	Meets Programattic Criteria: Approved thru Category Manager	PAC Form required at Program level (Direct Costs >$500K)	Meets Programmtic Criteria -Not requried (Program PAR Process)	Not requried if meets Programmtic Criteria (Program LRP Approval)
	Direct costs > $100K	High volume, core to utility business	Risk profile or total costs (direct + indirect) > $5M required to enter Project Screening Process	Enters Project Screening process: Reviewed at Utility PCC	PAC Form required (Direct Costs >$500K)	Enters Project Screening Process- New PAR Form required	Required if enters Project Screening Process

IT Project Types	Cost Criteria	Risk Criteria	Screening Process	Authorization Scenerio	Requirements	
					Forms	PCC Presentation
Type 0	Direct costs > $100K and < $500K total costs (direct + indirect)	Very low risk	Not requried	Approved by Category Manager/Line Department VP	PAR Form required	Not requried
Type II	Total costs (direct + indirect) > $500K	More Complex	Required	Presented for approval at Utility PCC		Required
Type III	Total costs (direct + indirect) >$500K	Resulting from Utility of Future process	Required	Presented for approval at Utility PCC		Required
MOP	OpCos total costs >$500K	Involve at least 2 Utilties	Not requried (automa	Presented for approval at MOP PCC		Required

NOTE: Plant Accounting requires the completion of a Project Accounting Checklist (PAC) before proceeding with the PAR form authorization request for projects with direct costs greater than $500K. This requirement is not applicable to BGE Utility or BSC IT projects. Any questions relating to PAC form requirements should be addressed to OpCo Plant Accounting.

Attachment 14

FREQUENTLY ASKED QUESTIONS (FAQ)

Question: My project has a contractual agreement that is required prior to project execution, would I come thru approval?

Answer: An expedited approval is permissible. In cases like this, the project would be reviewed and approved through this process after a commitment to satisfy the obligation has been made. (e.g. gas new business contracts that are structured based on tariff guidelines)

Question: Should progress payments, in advance of receiving a capital asset, be included authorization requests?

Answer: Project authorization requests should be based on the best estimate at the time of authorization). Per Exelon Capitalization Policy (see CA-AC-POL1-035), the amount should include any progress payments made in advance of receiving the asset.

Question: My project has been cancelled what are steps I need to take to accurately reflect the projects costs?

Answer: If at any time a capital investment project is canceled or abandoned, all the capital costs incurred must be assessed for reclass to O&M expense. Consult Plant Accounting for complete and proper guidance.

Question: My project contains multiple locations, how are multi-location projects handled?

Answer: Multi-location projects should be authorized based on the sum of all the location projects. Subsequent project requests may be submitted at the appropriate single project authorization level if the original authorized approach is maintained (i.e. scope and contracting strategy remain unchanged and economics do not noticeably diminish from original projections).

Question: Are MOP projects authorized based on each participating OpCo's allocation of project spend or in aggregate based on sum of all OpCo's spend?

Answer: Authorization is determined based on the funding level allocated to each OpCo. For example, an IT project with total estimated costs of $200M that is proposed to be performed by BGE, ComEd, PECO and PHI, with the allocation of costs estimated to be $20M, $40M, $60M and $80M, respectively, will require the following authorizations and will be subject to the approval process set forth in the MOP Procedure Section 4.4:

BGE: Chief Executive Officer or President, BGE (≤ $25M)

ComEd: Chief Executive Officer, Exelon Utilities (≤ $50M)

PECO:PECO Board of Directors (> $50M)

PHI:PHI Board of Directors (> $50M)

The project is not required to be authorized by the Risk Committee or the Exelon BOD as a single OpCo does not meets the $100M or $200M DOA threshold respectively, even though total project cost is $200M.

Question: Should project authorization materials (PAR Forms, PCC presentations) include only the current Phase request, or a cumulative ?

Answer: Authorizations are based on cumulative project values. For instance, Phase 1 authorization materials include only costs associated with Study. Phase 2 or Phase 3 authorization materials must include all phases and reflect the total project cost.

Question: Should project authorization amounts be based on gross project estimates or net of reimbursements (i.e. CIAC, vendor rebates, credits other reimbursements)?

Answer: Authorizations are based on total gross project costs (direct + indirect), which applies to PAR form requirements as well. Net costs can be used to determine appropriate funding.

Question: Only one of the OpCo's on a MOP projects exceeds $500K total costs (direct + indirect), which PCC meeting should it be presented at?

Answer: If only one OpCo exceeds the total cost thresholds, contact EU Finance and Utility Project Evaluations teams to determine the appropriate path. Such projects will be guided to the appropriate meeting (either utility PCC or MOP PCC) based on agenda availability and attendees. Materials presented at utility PCC should be added to MOP PCC as read only materials for other Opco's awareness.